

GIVING IN CHICAGO

Commissioned by

THE CHICAGO COMMUNITY TRUST

Researched and Written by



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The Chicago Community Trust

For the past 100 years, The Chicago Community Trust has connected the generosity of donors with the needs of our community. The Trust, together with its donors, awards grants in many areas that impact community, from arts and basic human needs to economic development and health. Since our founding in 1915, the Trust has awarded approximately \$2.3 billion in grants to thousands of local and national nonprofits, including \$164.5 million in 2014. The Trust also works to improve the quality of life in our region by convening key leaders and organizations to respond to important issues, and by developing initiatives to inspire civic engagement among Chicago-area residents.

The Trust's Centennial year begins on May 12, 2015. Starting on this date and for the entire year after, the Trust will celebrate how philanthropy in all its forms – time, treasure and talent – strengthens our region and impacts the lives of others in countless ways. As we pursue our Centennial vision of making Chicago the most philanthropic region in the country, this first-of-its-kind comprehensive study of individual, corporate and foundation philanthropy in the six-county metropolitan Chicago region sets a benchmark to show where we are today and help us plan for the future.

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KEY FINDINGS

This *Giving in Chicago* report is the landmark study that provides a comprehensive review of charitable giving in the Chicago metro area, including Cook, DuPage, Kane, Lake, McHenry, and Will Counties. The report examines the patterns of charitable giving by households and corporations in the region for 2013, and the characteristics of grant making by foundations in the same region for 2012 (the latest year available). Findings from the study offer a better picture of the philanthropic landscape in the Chicago metro area and how it compares to the national philanthropic environment. This report, as the inaugural study of charitable giving focused exclusively on the Chicago metro area, also provides baseline data allowing for comparisons over time. In 2015, The Chicago Community Trust, one of the oldest community foundations in the U.S., celebrates its Centennial anniversary. This presents a unique opportunity to reflect on the meaning and role of philanthropy in our society during the past century and the future. It is the stories of generosity, in all forms, from every individual and every organization, that contribute to the data presented in this report.

This report explores household giving and volunteering behaviors and preferences in 2013. Overall, the report shows that more than 70 percent of households in the Chicago metro area donated more than \$25 to nonprofit organizations in 2013, and over half reported donating \$500 or more. A majority of household giving stayed within the Chicago metro area. Basic needs (such as food, shelter, or other basic necessities) was the top charitable focus and motivation for households to give in this region. Comparing to the general U.S. population, households in the Chicago metro area had a higher giving rate. According to the Philanthropy Panel Study¹, nationally, 59 percent of households contributed over \$25 in 2010 (the latest year available), and approximately 65 percent of households did so in 2008 and 2006.

This report further expands analysis to the grants of \$4,000 or above made by 2,038 filing grant makers located in the Chicago metro area to provide a full picture of 2012 regional grant making. Recipient entities² located in the Chicago metro area received over 19,000 grants of \$4,000 or above from local grantmakers in 2012, totaling about \$1 billion.

The report also sheds light on corporate giving practices and support to local nonprofits. In a survey of 70 companies with operations in the Chicago metro area, almost all companies reported making charitable donations in fiscal year 2013. Human services³ was the top area of charitable support for these surveyed companies. They most frequently prioritized the “needs in local communities” when making giving decisions. Moreover, 58 Chicago metro area corporate foundations made over 3,500 grants of \$4,000 or above during 2012. More than two-fifths (44 percent) of these grants, representing about half (51 percent) of grant dollars, stayed within the Chicago metro area. Key findings on these three sources of charitable giving in the Chicago metro area are summarized in this section.

¹ *The Philanthropy Panel Study (PPS)*, conducted by the Indiana University Lilly Family School of Philanthropy and the University of Michigan Institute for Social Research, is the only national longitudinal study that surveys philanthropic behaviors of the same households over time. Beginning in 2001, the PPS has been conducted every two years.

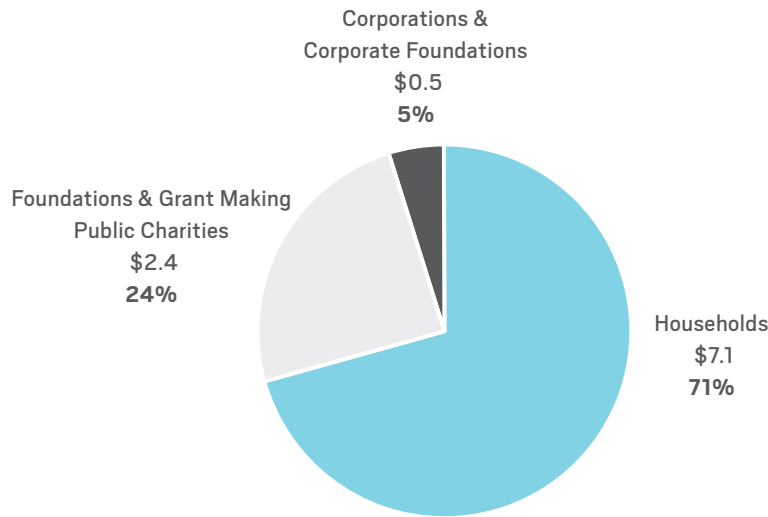
² Recipient entities refer to all types of organizations receiving grants from foundations and grant making public charities, which may include nonprofit organizations, religious groups, or government agencies.

³ Human services includes basic needs and a wide range of other social services, such as crime prevention, employment training, nutrition, housing development, recreation and sports, and youth or family services.

TOTAL DONATIONS FROM THE CHICAGO METRO AREA

Chicago metro area households, grantmakers and corporations gave an estimated total of \$10 billion to recipient entities in the region and elsewhere in 2013. The graph below shows the breakdown of total estimated giving from each type of donor (or source of contribution) in the Chicago metro area for 2013. Household donations accounted for 71 percent of the total. Grant dollars from foundations and grant making public charities (excluding corporate foundations) were 24 percent of the total. Estimated donations from corporations and corporate foundations in the region represented 5 percent of the total.

**DONATIONS FROM THE CHICAGO METRO AREA
BY SOURCE OF CONTRIBUTION, 2013
TOTAL = \$10.0 BILLION (\$ IN BILLIONS)**



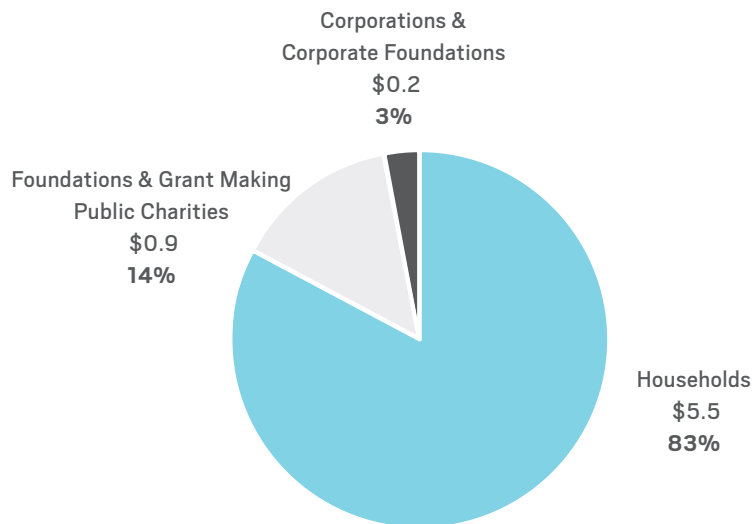
Compared to national percentages (excluding charitable bequests), the Chicago metro area has:

- A lower share of household giving, at 71 percent, compared to the 78 percent estimated by *Giving USA 2014* for 2013;
- A larger share of giving by foundations and grant making public charities, at 24 percent, compared to the 16 percent by foundations in the U.S. in 2013, which, however, is partly attributed to the inclusion of grant dollars from grant making public charities in this study, accounting for approximately 5 percent of the total; and
- A comparable share of contributions from corporations and corporate foundations (5 percent compared to 6 percent in the U.S.).

TOTAL DONATIONS FROM THE CHICAGO METRO AREA TO RECIPIENTS IN THE REGION

Approximately 67 percent of the total contributions made by Chicago metro area donors of all types remained in the region, reaching an estimated \$6.7 billion. Among local giving, household donations represented the largest share (83 percent), followed by 14 percent from all types of grantmakers (excluding corporate foundations), and 3 percent from corporations and corporate foundations.

**DONATIONS FROM THE CHICAGO METRO AREA TO RECIPIENTS IN THE REGION
BY SOURCE OF CONTRIBUTION, 2013
TOTAL = \$6.7 BILLION (\$ IN BILLIONS)**



HOUSEHOLD GIVING IN THE CHICAGO METRO AREA

Overview of household giving

Household donations accounted for an estimated \$7.1 billion in the region and elsewhere in 2013. Nearly three-quarters of households reported donating \$100 or more, and over half (54 percent) reported giving \$500 or more. The total amount given, on average, was \$2,327, with a median amount of \$1,050 (both excluding high net worth households⁴ and outliers⁵). The largest share (72 percent) of donor households in the Chicago metro area donated to basic needs. Religion ranked second, supported by 60 percent of donor households, followed by health (44 percent).

Allocation of household giving

Religious organizations attracted the largest share (41 percent) of charitable dollars from donor households in the Chicago metro area (excluding outliers), followed by basic needs organizations (16 percent) and organizations serving a combination of purposes (such as United Way, United Jewish Appeal, or local community foundations) (14 percent).

Geographic distribution of household giving

Just over three-fourths (78 percent) of charitable dollars donated by Chicago metro area households stayed within the region in 2013. About one-tenth (13 percent) of household donations supported organizations located outside of Illinois or serving people primarily outside of Illinois. Nearly one-tenth (9 percent) of household donations went either to U.S. organizations primarily focusing on international issues or to overseas organizations.

Motivations for giving

The largest share of Chicago metro area donor households (76 percent) cited “helping individuals meet their basic needs” as a major motivation to donate. The other two most frequently reported major motives were “a feeling that those who have more should help those who have less” (70 percent) and “personal values or beliefs” (67 percent).

⁴ High net worth households are defined in this study as households with an annual income of \$200,000 or more and/or household net worth of \$1,000,000 or more.

⁵ Outliers are extreme values of dollar amounts donated, which are apt to highly influence average values. These extreme values are often considered as “outliers” in statistical analysis and are excluded from the analysis of the amounts of donations. Please see the methodology section of this report for details on how outliers are identified in the study.

Most prioritized policy issues

The largest share of Chicago metro area households prioritized basic needs as a top policy issue (52 percent). Health care, and K-12 education and other educational issues, also attracted considerable attention, selected by 39 percent and 20 percent of households, respectively.

Giving methods

Donor households in the Chicago metro area most frequently reported making donations in person by cash, check, or credit card (77 percent). About half of donor households gave by mail (50 percent) or online (48 percent); 10 percent made in-kind donations.

Informal giving

Approximately 65 percent of households in the Chicago metro area gave more than \$25 to extended family members, friends, or community members in the U.S. who were in need of assistance. Nearly 20 percent gave more than \$25 to such individuals outside of the U.S.

Bequest giving

Around one-third (34 percent) of households in the Chicago metro area had a will or a living trust, among which 14 percent had a charity named in their wills or living trusts, and 6 percent had made other provisions for charities in estate planning, such as creating a giving vehicle like a donor-advised fund or a private foundation.

Why donors stopped giving

About one-fifth (20 percent) of households in the Chicago metro area decided to stop supporting an organization to which they had repeatedly donated in the past. Religious and health organizations were most frequently reported by those who discontinued their donations (22 percent for each). Of those households that stopped their giving, the most often cited reason (66 percent) was discontinued involvement with the organization.

Snapshot of household volunteering

In 2013, nearly three-quarters (74 percent) of high net worth households in the Chicago metro area reported volunteering through organizations, and slightly less than half (47 percent) of other households reported the same. Among those who volunteered, nearly half (47 percent) reported volunteering at least once a week, about one-third (31 percent) volunteered once or twice each month, and around one-fifth (22 percent) volunteered several times a year or less often.

Types of organizations benefiting from volunteering

Volunteer households in the Chicago metro area most frequently volunteered through religious organizations and educational organizations (excluding higher educational institutions). The top five types of organizations that attracted the most volunteering households include:

- Religious organizations (53 percent),
- K-12 and other educational organizations (47 percent),
- Organizations providing youth, senior, or family services⁶ (46 percent),
- Social and community service groups⁷ (46 percent), and
- Basic needs organizations (45 percent).

Volunteering activities

Volunteer households in the Chicago metro area most frequently offered their help through fundraising (71 percent). Nearly three-fifths (57 percent) of volunteer households contributed their time to “collect, prepare, distribute, or serve food,” while slightly over half (53 percent) volunteered by tutoring, teaching, or mentoring.

Motivations for volunteering

A majority (86 percent) of volunteer households indicated that “being concerned about those less fortunate than myself” was a major motivation for volunteering. The other two motives most often cited were “being concerned about a particular cause or group” (78 percent) and “personal values or beliefs” (69 percent).

GRANT MAKING IN THE CHICAGO METRO AREA

Overview of grant making

Nearly 39,000 grants of \$4,000 or above were made by over 2,000 grant making organizations located in the Chicago metro area in 2012, with an estimate of \$2.6 billion in total.

Grants made to recipient entities in the Chicago metro area

In 2012, recipient entities located in the Chicago metro area received more than 19,000 grants of \$4,000 or above from over 1,300 Chicago metro area grantmakers. The total amount of these local grants was about \$1 billion, accounting for 39 percent of total grant dollars made by Chicago metro area grantmakers. About 73 percent of these grants, or 55 percent of the dollar value, came from independent foundations. When looking at the purposes of the grants made to Chicago metro area

⁶ Organizations providing youth, senior, or family services include organizations offering youth development, child day care, delinquency prevention or other youth services; family counseling, violence, or other services for parents and families; and housing, meals, transportation or other services focusing on the elderly.

⁷ Social and community service groups include organizations providing social services, addressing social problems, or improving general public benefits.

recipient entities, human services and education were the top two causes supported by grantmakers in the region (in terms of both the number of grants and grant dollars).

Grants of \$1 million or above

In 2012, Chicago metro area grantmakers made a total of 107 grants of \$1 million or above to support recipient entities in the region. These grants represented over two-fifths (42 percent) of all grants at this level made by Chicago metro area grantmakers. Almost half (47 percent) of these grants came from independent foundations in the region, and one-third (33 percent) were contributed by grant making public charities.

Education received nearly one-fourth (23 percent) of these grants of \$1 million or above, followed by health (19 percent). The largest share (31 percent) of dollar value was made to support community development, reaching about \$101 million in total, followed by education (21 percent, or \$69 million).

Grant making by county

Grantmakers in Cook County contributed the vast majority of grants made by Chicago metro area grantmakers in 2012, accounting for 85 percent of grants and 90 percent of grant dollars. Half of the grants made by Cook County grantmakers, accounting for over one-third (37 percent) of grant dollars, stayed within the Chicago metro area, a majority of which supported recipients in Cook County. Approximately half of the grants made by Cook County grantmakers that stayed within the Chicago metro area supported education and human services.

Grantmakers in Lake County and DuPage County contributed the second and third largest share of grant support among Chicago metro area grantmakers in 2012, together accounting for 14 percent of grants and 9 percent of grant dollars. The remaining 1 percent of grant making came from grant makers in Kane, McHenry, and Will Counties.

CORPORATE GIVING IN THE CHICAGO METRO AREA

Overview of corporate giving

The vast majority of surveyed companies (97 percent, or 68 of 70 companies) reported making charitable donations to nonprofit organizations in fiscal year 2013. Among surveyed companies that tracked charitable giving separately from other community investments⁸ (26 companies), the total amount given, on average, was \$2,377,991, with a median amount of \$100,000.

⁸ In the survey, charitable giving refers to charitable donations of cash, products, or services made to nonprofit organizations. Besides charitable donations, other types of community investments include employee volunteerism, sponsorships, cause-related marketing, impact investing, and other initiatives to address social needs in communities.

Primary areas of corporate giving

Human services organizations were the top focus for corporate charitable donations, supported by over three-quarters (76 percent) of surveyed companies that made donations in fiscal year 2013, followed by organizations that served a combination of purposes (59 percent), and educational organizations (43 percent). Slightly over half (54 percent) of surveyed donor companies focused their giving on three or fewer charitable areas.

In the survey, most donor companies (81 percent) donated to organizations in the Chicago metro area. Among them, three-fifths supported the same charitable areas across the six counties within the Chicago metro area, while nearly two-fifths supported different areas across the region.

Geographic distribution of corporate giving

Approximately two-thirds (63 percent) of donor companies supported nonprofits in the U.S. only. Another 16 percent also gave in a very geographically focused manner, supporting nonprofits located in only one or two regions worldwide. About 12 percent of donor companies donated globally without a specific geographic focus.

Goals for corporate giving

“Giving back to the communities where the company operates” was the top goal for corporate giving, reported by 76 percent of companies that made charitable donations in fiscal year 2013. “Supporting company’s mission and values” (68 percent) and “building and enhancing corporate reputation” (49 percent) were the second and third most frequently cited major goals.

Factors that influence corporate giving decisions

Corporate giving decisions were mostly impacted by the “needs in local communities,” reported by more than three-fifths (62 percent) of donor companies as the major influence in fiscal year 2013. Executives’ preferences (40 percent) and employees’ preferences (38 percent) also played an important role in the decision-making process.

Influencer of corporate-nonprofit partnerships

When establishing or maintaining relationships with nonprofit recipients, 65 percent of donor companies indicated the “alignment of recipient’s mission with the company’s philanthropic focus” as the top deciding factor. About 54 percent of donor companies considered the recipient’s geographic location as important and would prefer recipients be located in the same regions as the company.

Corporations reported internal resources needed to improve charitable and social investments

One-third of surveyed companies indicated specific areas or resources that could help improve their charitable and social investments. These companies most often reported needing more financial resources and more staff dedicated to charitable efforts. The stronger emphasis of companies on the evaluation and sustainability of their charitable initiatives over the coming years calls for more financial and human resources that can be dedicated to such efforts.

Grant making by corporate foundations in the Chicago metro area

In 2012, corporate foundations in the Chicago metro area made approximately 3,500 grants of \$4,000 or above, with a total of \$158 million. The average amount of a single grant was \$44,656, with a median amount of \$10,000. More than two-fifths (44 percent) of grants, accounting for over half (51 percent) of grant dollars, stayed within the Chicago metro area. When looking at the purposes of the grants, Chicago metro area corporate foundations mostly supported human services, education, arts and culture, and community development. These four purposes together received a majority of foundation support (80 percent of grants and 88 percent of grant dollars).

METHODOLOGY

This study analyzed data from various sources to develop a comprehensive review of charitable giving in the Chicago metro area. Information for the estimate of household giving and volunteering was collected from telephone interviews of households in the Chicago metro area. A total of 760 households completed all interview questions. Survey weights were constructed and applied to ensure that the final sample of the study was representative of the general population living in the Chicago metro area.

Data on grant making were collected from IRS Forms 990-PF made available through several databases (including FoundationSearch.com, Foundation Center, GuideStar, and the National Center for Charitable Statistics at the Urban Institute). Grants of \$4,000 or above made by all types of grantmakers located in the Chicago metro area for 2012 (the latest year available) were included in the analysis.

Information on corporate giving was collected through two sources. First, a selected sample of companies with operations in the Chicago metro area were invited to participate in a survey on corporate giving and community investments. A total of 70 companies completed the survey, representing organizations of all sizes and various industries. Second, information reported by corporate foundations on IRS Forms 990-PF was collected through several databases (including FoundationSearch.com, Foundation Center, GuideStar, and the National Center for Charitable Statistics at the Urban Institute) to provide detailed information on grants of \$4,000 or above made in 2012 (the latest year available) by corporate foundations located in the Chicago metro area.

IMPLICATIONS

This study examines philanthropic giving from households, corporations, and foundations in the Chicago metro area. Findings from the study provide a comprehensive view of the current philanthropic landscape in metropolitan Chicago. Key themes from the study are discussed below.

GENEROSITY OF CHICAGO METRO AREA HOUSEHOLDS

The study shows that Chicago metro area households were more likely to give, and gave more on average, to nonprofits in 2013, compared to the general U.S. population. Many major developments and landmarks in the Chicago metro area can be attributed to the generosity of Chicagoans past and present. This type of strong philanthropic commitment by donors in the region reflects a sense of trust and confidence in nonprofits to address community needs. This presents a great opportunity for nonprofits to review and enhance their donor recognition and stewardship practices, which could encourage continued support and deepen donor engagement. Incorporating approaches that strengthen donor relations can further inspire philanthropy and help address the challenges facing the metro area.

ROLE OF PHILANTHROPY IN MEETING BASIC NEEDS AND PROVIDING HUMAN SERVICES

Basic needs and human services were major charitable foci for all types of donors in the Chicago metro area. This reflects significant efforts of donors and nonprofits to recognize the importance of these issues in communities and their collective efforts to address them. Recent estimates show that household income inequality increased dramatically in the U.S. from the late 1960s, especially after 1980.⁹ The rising inequality across the country has led to important questions about the changing environment of charitable giving. Philanthropy has long played an important role in meeting basic needs of low-income families and communities in the U.S. and in the Chicago metro area. During the Great Recession, cuts in state and federal funding placed renewed emphasis on the role of philanthropy across communities. One recent example was the 2013 Lawyers Feeding Illinois Campaign, which provided 4.6 million meals for Illinois residents who suffered from food insecurity. This study consistently demonstrates Chicago metro area donors' great focus on basic needs and other human services. The need for support of basic needs and other human services remains rather high in the Chicago metro area, which is shown clearly from the following statistics.

⁹ Sommeiller, E., & Price, M. (2015). *The increasingly unequal states of America*. Retrieved from <http://www.epi.org/publication/income-inequality-by-state-1917-to-2012/>; U.S. Census Bureau. (2000). *The changing shape of the nation's income distribution*. Retrieved from <http://www.census.gov/prod/2000pubs/p60-204.pdf>; U.S. Census Bureau. (n.d.) *Narrative on income inequality (Middle class)*. Retrieved from <http://www.census.gov/hhes/www/income/data/inequality/middleclass.html>

- The poverty rate in Illinois was 14.5 percent in 2013, higher than 24 states across the country.¹⁰ The unemployment rate in Illinois was 6.4 percent in 2014, higher than 34 states across the country. The food insecurity rate in Illinois was 14.2 percent in 2012, higher than 17 U.S. states. These rates were even higher in Cook County, in particular.
- In Illinois, the top 1 percent of taxpayers, on average, earned 29.7 times as much as the other 99 percent in 2012.¹¹ This income inequality rate was higher than 41 U.S. states.
- According to the 2014 Point-in-Time (PIT) count, more than 6,000 people were homeless in Chicago on a given night in January 2014, which remained unchanged from 2013.¹² About one in ten of these individuals were chronically homeless—individuals who had been continuously homeless for one year or longer, or for at least four separate occasions over the past three years. Moreover, almost one-third of the individuals located in shelters were children under age 18, and over two-fifths were female.

While basic needs and human services are top of mind for donors, the statistics show there is still more work to be done. The issues of poverty and income inequality are closely linked with other societal problems local communities are facing. Nonprofit organizations and donors of all types are called upon to continue combating these issues collectively. Findings from this study show that helping others to meet basic needs is the most important factor motivating charitable support from individual donors. Needs in local communities similarly held the highest weight in corporate charitable funding decisions. Therefore, it is essential for nonprofits to continue building and raising public awareness of community needs to achieve sustainable changes.

COMMITMENT TO LOCAL COMMUNITIES

Donors in the Chicago metro area showed a strong commitment to their local communities. A substantial share of charitable giving stayed within the donor's region. This localization emphasizes the importance of leveraging resources to address community issues, which can, in turn, fuel local economic growth and improve the quality of life in the region. Individuals, companies, and foundations that have roots in local communities are well aware of the history, culture, and societal problems of the communities. Thus, in the cultivation and stewardship of local donors, it is critical for nonprofits to demonstrate how they can work together to respond to local issues and show the impact of their collective efforts. Continuous stewardship can better inform donors on various ways they can make a difference in their own communities. It can also promote donor confidence in an organization's capacity to address societal problems. Ensuring support of local communities also calls for nonprofits to maintain and improve the effectiveness and efficiency of their work. By continuing to build on this mutual trust, nonprofits are likely to sustain and possibly increase donor support to continue providing services to those in need.

¹⁰ Social IMPACT Research Center. (2015). *Poor by comparison: Report on Illinois Poverty*. Retrieved from <http://www.ilpovertyreport.org>

¹¹ Sommeiller, E., & Price, M. (2015). *The increasingly unequal states of America*. Retrieved from <http://www.epi.org/publication/income-inequality-by-state-1917-to-2012/>

¹² City of Chicago Department of Family and Support Services. (2014). *2014 Homeless point-in-time count & survey report*. Retrieved from http://www.cityofchicago.org/content/dam/city/depts/fss/supp_info/Homeless/2014PITReport.pdf

A CALL FOR BETTER COMMUNICATION AND ENGAGEMENT

The study further provides insights into the factors that constrain charitable giving. About one in five households in the Chicago metro area stopped supporting an organization to which they had repeatedly donated. The reasons they stopped giving can be grouped into four broad categories, including donors' discontinued involvement with the organization, changes in donors' circumstances or charitable priorities, donors' unfavorable perceptions of the organization, and the organization's lack of proper communication with donors. This calls for more attention from nonprofits to address donor concerns and improve donor stewardship and communication. Greater transparency on internal policies and procedures and a clear demonstration of measurable outcomes can help nonprofits enhance donor confidence. In addition, as companies and foundations put more emphasis on measurement and evaluation, nonprofits similarly need to effectively communicate the impact of their work with grantmakers.

POTENTIAL OF ONLINE GIVING

Online giving has grown exponentially over the past decade. Although it is hard to estimate the total amount of online giving via various platforms, the trend is clear: online giving has emerged as a popular method of charitable giving. Online donations through Network for Good's platform alone increased from \$17.1 million in 2002 to \$190 million in 2013.¹³ In this study, almost half of Chicago metro area households donated online in 2013, and nearly 70 percent of high net worth households donated online in the same year. Online giving surpassed the traditional method of giving by mail and ranked second as a primary method of giving among Chicago metro area donors, following giving in person as the method used most often. The rising popularity of online giving presents opportunities for nonprofits to more easily reach broader populations through multiple online channels and social media venues. These new tools can be powerful in helping nonprofits build and foster relationships. It is also important for nonprofits to understand the similarities and differences between their traditional donors and their new online donors, and to adapt cultivation and communication practices according to the preferences of different donor groups. By harnessing new online tools, nonprofits can help strengthen philanthropy in the Chicago metro area.

¹³ Network for Good. (n.d.). *The digital giving index: 2013 year in review*. Retrieved from <http://www1.networkforgood.org/digitalgivingindex>; Network for Good. (2006). *The young and the generous: A study of \$100 million in online giving to 20,000 charities*. Retrieved from <http://www.guidestar.org/ViewCmsFile.aspx?ContentID=2308>