

2010 Outlook Report

To assess the outlook for grantmaking in Minnesota in 2010, the Minnesota Council on Foundations (MCF) conducted its *2010 Outlook Report* survey in October and November of 2009. The survey asked MCF members and other large grantmakers in the state to predict how their 2010 giving will compare to 2009. In all, 125 organizations responded, representing about 70 percent of annual grantmaking in the state.

At a time of diminished public and private resources, the outlook for grantmakers and the nonprofit community remains challenging. Overall, grantmaking is estimated to decrease by approximately 1 percent in 2010 compared to 2009.

This report is a snapshot of survey responses provided to MCF in the fall of 2009. While it provides an indication of the overall sentiment about the outlook for grantmaking in 2010, changing economic indicators, volatile markets, and government action may also affect grantmakers and nonprofits in the coming year.

Key Findings

- Overall, giving by grantmakers in Minnesota is estimated to decrease by about 1 percent in 2010 compared to 2009.
- More grantmakers expect decreases in giving in 2010 than expect increases: 30 percent expect to give less compared to 25 percent who expect to give more.
- Twenty percent of grantmakers expect to decrease the number of grants they make in 2010, and 10 percent expect to decrease the size of grants awarded.
- Among the 78 percent of grantmakers who reported having

assets, nearly 60 percent expect them to increase in 2010. Twenty-seven percent expect no changes.

- Among all types of grantmakers, corporate foundations and giving programs are most likely to expect their 2010 giving will remain the same as compared to 2009.
- Seventy percent of grantmakers report they are currently providing some kind of assistance to those affected by the economic downturn. Basic needs – food, housing and jobs – are the areas these grantmakers are most likely to support.
- Many grantmakers express concern about the well-being of their nonprofit partners, which are under significant programmatic and financial strains resulting from increased demands for services and decreased resources.

About This Report

This report summarizes survey responses from 56 private foundations, 40 corporate foundations and giving programs, and 29 community/public foundations. Eight of the 10 largest grantmakers in the state are represented here. Seventy-four percent of grantmakers responding to the *2010 Outlook Report* survey also responded to the 2009 survey.

The majority of respondents (83 percent) granted \$10 million or less in 2009. The 17 percent of respondents who said they granted \$10 million or more in 2009 represent approximately 80 percent of the grant dollars reported on here.

Seventy-eight percent of respondents reported they have assets. Of those with assets, 70 percent have assets of \$50 million or less and 30 percent have assets over \$50 million.





Grantmaking Down Slightly in 2010

To assess the outlook for grantmaking in the state, MCF asked grantmakers to predict how much their grantmaking was likely to increase or decrease in 2010 compared to 2009 (see Figure A).

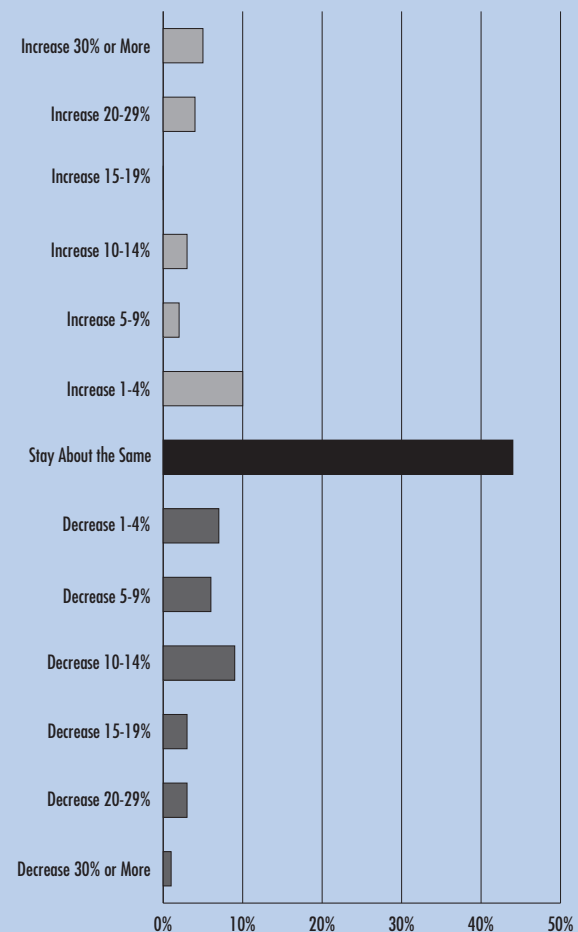
Overall, grantmaking in Minnesota is estimated to drop by approximately 1 percent in 2010 compared to 2009.¹ This follows an estimated drop in grantmaking of about 4 percent in 2009 compared to 2008, as reported in MCF's *2009 Outlook Report*.

Although grantmakers are more optimistic about giving in 2010 than they were for 2009, about one-third of grantmakers expect their giving to decrease in the year ahead (see Figure B). Twenty-five percent of grantmakers expect to give more in 2010, as compared to only 15 percent in the 2009 survey. And while 30 percent expect to pull back on giving in 2010, this is an improvement from the 40 percent in the 2009 survey who expected declines.

Expected increases in giving in 2010 span a wide range. Ten percent of the grantmakers surveyed expect to increase their giving by 1 to 4 percent in 2010. About 9 percent of respondents expect to boost giving 20 percent or more.

Anticipated decreases in 2010 appear to be moderating. Thirteen percent of respondents expect to decrease giving in 2010 by less than 10 percent, while 9 percent anticipate declines ranging from 10 to 14 percent.

Figure A: Anticipated Grantmaking Changes in 2010 vs. 2009*



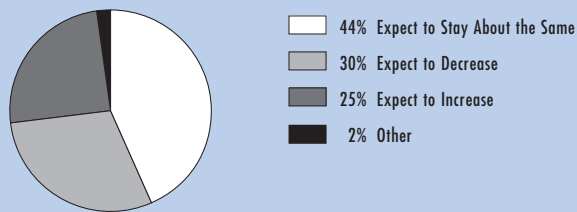
* Two percent of respondents selected "other."

¹ Figure calculated using median percentage changes for ranges shown and weighting based on number and size of respondents.

"Donor giving trends, market fluctuations and economic stability all impact our asset base and ability to provide grants to support community needs." – large community foundation

“Our approach is likely to be cautiously optimistic in our decision-making.” – mid-sized community foundation

Figure B: Anticipated Grantmaking Changes in 2010 vs. 2009*



* Due to rounding, figures do not add up to 100%.

Giving by Largest Grantmakers Varies

In aggregate, giving by the largest grantmakers – the 21 respondents granting more than \$10 million annually – is estimated to decrease by 3.5 percent in 2010. Although this appears significantly larger than the approximate 1-percent decrease anticipated for all grantmakers in Minnesota, the difference is due primarily to shifts by three grantmakers.

One grantmaker anticipates a decrease of 30 percent or more in 2010 after ramping up giving to an unusually high level during 2009 to respond to the economic downturn. Two others anticipate decreases in the range of 20 to 29 percent. One of these cites the completion of previous grant commitments as a reason for the decline and notes that no other changes to the size or number of grants are anticipated for 2010. When decreases by these three grantmakers are excluded from calculations, the giving by Minnesota’s largest grantmakers is estimated to decrease by less than 1 percent in 2010.

Overall, about one-third of large grantmakers expect their giving to decrease in 2010, while about one-quarter expect increases.

Among all sizes of grantmakers, only small ones (those granting less than \$1 million) are more likely to expect their giving to increase than decrease in 2010 (see Figure C).

Grantmakers giving between \$1 million and \$10 million are more likely to anticipate decreases in giving than do small or large grantmakers.





Corporate Giving Stable

Among all types of grantmakers, corporate foundations and giving programs are most likely to expect their 2010 giving to be comparable to 2009, and least likely to expect their grantmaking to increase or decrease (see Figure D). Nearly 60 percent of corporate grantmakers anticipate no changes to their giving, while only 18 percent expect an increase. Twenty-five percent of corporate grantmakers anticipate giving less in 2010.

Among corporate grantmakers who anticipate changing their giving levels in 2010, about half cite changes in company profits as the reason, and 20 percent note other reasons related to business operations.

About one-third of private grantmakers expect to decrease their giving in 2010, while a similar percentage (29 percent) expect increases. Most private foundations (65 percent) say changes in the value of foundation assets will be responsible for adjusted giving levels in 2010.

Among community foundations, 34 percent expect to decrease and 28 percent expect to increase giving in 2010. Community/public foundations cite two major reasons for expected grantmaking changes: shifts in asset values (46 percent) and changes in gifts received from individuals or other donors (36 percent).

Figure C: Anticipated Changes in 2010 vs. 2009 by Grantmaker Size

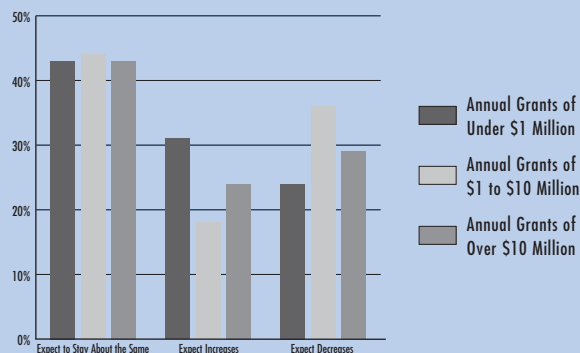
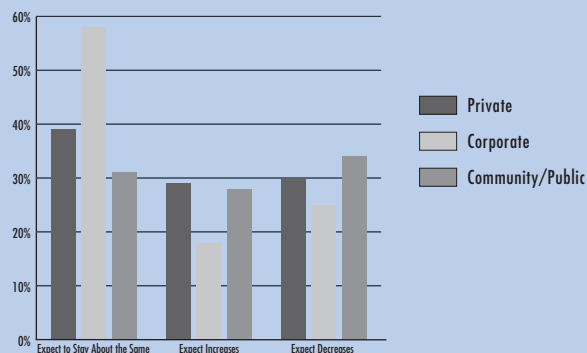


Figure D: Anticipated Changes in 2010 vs. 2009 by Grantmaker Type



“My major concern is for the grantees, who, I know, are definitely hurting.” – small family foundation

“The needs of the organizations we support will increase. Our strategy is to ride it out with them and maintain our current grant levels.” – small family foundation

More Optimistic Asset Picture

Grantmakers are much more optimistic about how their assets will fare in the coming year than they were in the 2009 Outlook Report survey. Among the 78 percent of grantmakers who report having assets in this year’s survey, most expect their assets to increase or stay the same in 2010 (see Figure E).

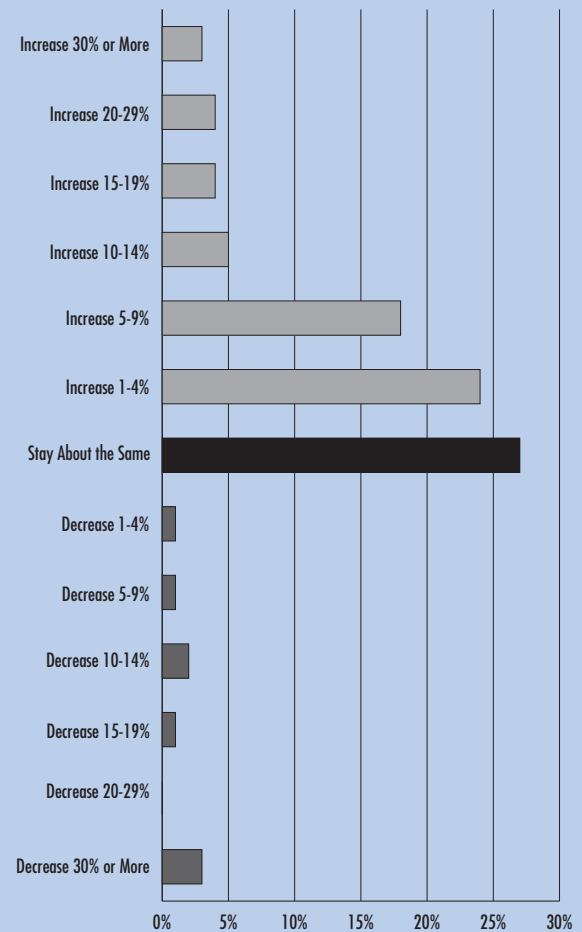
Fifty-eight percent expect their assets to increase next year, compared to just 13 percent who expected asset increases in 2009. Most grantmakers who anticipate higher assets expect increases to be less than 10 percent (see Figure E). Twenty-seven percent of grantmakers expect their assets to remain flat in 2010.

Only 8 percent expect their assets to decrease in 2010, compared to 52 percent who anticipated decreases in 2009.

Among the 7 percent of respondents who chose not to predict what would happen to their assets in 2010, most cite volatility in the markets as the reason for their uncertainty.

Nearly 80 percent of grantmakers who anticipate a change in their assets in 2010 say the major reason is a change in return on investments. Twenty percent attribute changes to receipt of a major gift. A handful note either a change in investment strategy or a change in grant payout as a reason.

Figure E: Anticipated Changes in Grantmaker Assets 2010 vs. 2009*



* Seven percent of respondents selected "other."





Limited Changes to Priorities, Programs and Operations

One-third of grantmakers say they will not adjust the number of grants they give in 2010, while another third are unsure how many grants they will award next year. Two in 10 expect to decrease numbers of grants awarded in 2010.

About 46 percent of grantmakers anticipate no changes to grant sizes next year, while about one-quarter report uncertainty about grant sizes. One in 10 expect to decrease the size of grants in 2010.

Fifty-one percent of grantmakers anticipate making no changes to their grantmaking programs and priorities in 2010, while 21 percent of grantmakers expect to make temporary changes related to the economy. Nineteen percent plan to make changes to their programs or priorities for other strategic reasons.

About half of grantmakers do not expect to make other major changes to their operations in 2010 to respond to the economic downturn. Nine percent say they'll make changes to the administration or operation of their organization. About one-fourth report they will offer more non-monetary assistance to nonprofits in 2010 such as technical assistance, convenings, and in-kind products or services.

Focus on Basic Needs

Seventy percent of grantmakers report they are currently providing some kind of assistance to those affected by the economic downturn. Basic needs – food, housing and jobs – are the three areas these grantmakers are most likely to support. Fifty-three percent are providing aid for food assistance, 51 percent are supporting emergency housing or homeless shelters, and 45 percent are focusing on basic skills education or job readiness.

Grantmakers Concerned About Nonprofit Partners

Many grantmakers express concern about their grantees, given the increased demand for services they are facing, along with the loss of resources. One respondent worries about how grantmakers could respond to the needs of nonprofits if the “dollars they lose today as cuts will not be restored when the economy improves.”

While the needs of current partners are paramount, finding the right balance between supporting current and new grantees has been difficult. Several grantmakers hope to be better equipped to consider new requests in 2010 and 2011.

Finally, many grantmakers express ongoing concerns about volatility in the financial markets and the unsettled economy, which could change their current predictions for 2010. Several cautioned that 2011 may also be challenging, depending on what 2010 holds.

Photos courtesy of: ADC Foundation, Ameriprise Financial, East Side Learning Center, Catholic Community Foundation and The Catholic Spirit, Medica Foundation, The Jay and Rose Phillips Family Foundation and Wallin Education Partners.



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