



To forecast state trends in grantmaking, the Minnesota Council on Foundations (MCF) asked foundations and corporate giving programs to predict how their 2013 giving will compare to 2012. A total of 104 organizations responded to a November 2012 survey; they represent about 75 percent of annual grantmaking in the state.

Key Findings:

- Minnesota grantmakers predict a relatively steady 2013, with foundation and corporate giving estimated to increase about two percent from 2012.
- Giving by the largest grantmakers – those that give more than \$10 million annually – is also estimated to increase about 2 percent.
- Just over half of foundations anticipate that their assets will rise in 2013. Most grantmakers who expect higher assets forecast increases to be less than 10 percent.
- Out of 82 education funders responding to the survey, 25 predict they will increase their giving to education in 2013. In the *2012 Outlook Report*, 23 of 77 education funders predicted increases. This trend seems to indicate momentum in supporting education.
- Over three-quarters of survey respondents indicate that they are funding racial or ethnic minority populations; 19 of these 82 funders plan to increase grant dollars to these groups in 2013.



MINNESOTA COUNCIL
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Grantmaking May Increase Slightly in 2013

Despite ongoing economic challenges in the state and nation, Minnesota foundations and corporations predict a relatively steady giving climate in 2013. Based on survey responses, the state's grantmaking is estimated to increase about two percent in 2013 from 2012. This is slightly more optimistic than the increase of 1 percent predicted for 2012, as reported in MCF's 2012 *Outlook Report*.

Nearly half – 49 percent – of survey respondents forecast that their grantmaking will stay about the same in 2013 (see Figure A). Thirty-nine percent of grantmakers plan to give more, and 13 percent expect to decrease their giving. These responses are very similar to responses from last year's survey, when 52 percent of grantmakers predicted their grantmaking would remain the same in 2012 versus 2011 and 33 percent expected to increase giving.

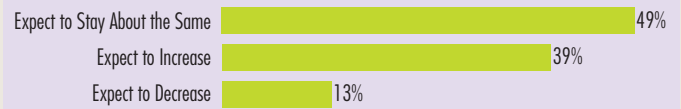
Most grantmakers who expect to boost their 2013 giving project moderate increases from 1 to 4 percent. But some grantmakers plan larger increases (see Figure B). A quarter of the grantmakers surveyed intend to increase giving from 1 to 9 percent, while a smaller number of respondents expect to boost giving 10 percent or more.

Few dramatic changes are planned by individual grantmakers. Only two respondents expect to decrease funding by 30 percent or more, and they each grant less than \$5 million each year. The 5 grantmakers that anticipate increasing funding by 30 percent or more range in size from a small foundation granting less than \$1 million annually to a large foundation granting more than \$10 million each year.

"We expect demands to outstrip our resources by a greater margin than in previous years."
– Mid-size Community/Public Grantmaker

FIGURE A

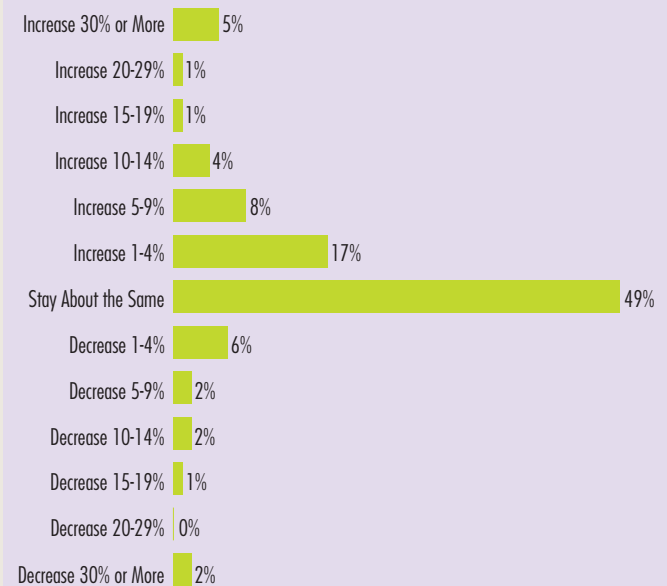
Anticipated Minnesota Grantmaking Changes in 2013 vs. 2012*



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

FIGURE B

Expected Grantmaking Changes in 2013 vs. 2012 by Amount of Change*



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

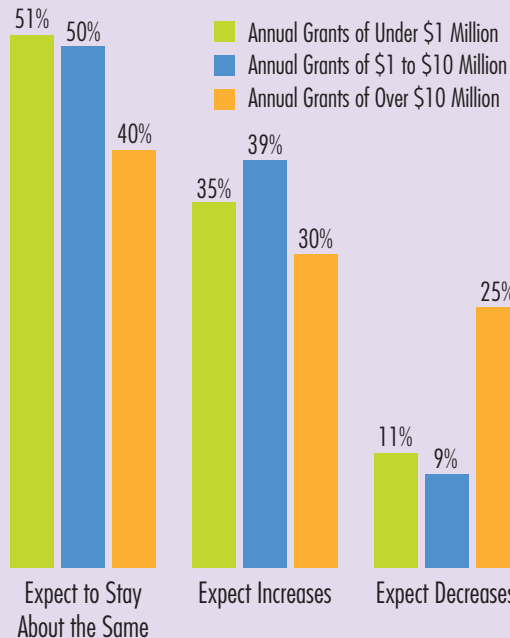
Increased Giving by Largest Grantmakers

Giving by the largest grantmakers – the 19 respondents granting more than \$10 million annually – is also estimated to increase about 2 percent in 2013. Less than half of large grantmakers expect their giving to remain the same in 2013 (see Figure C). About one-third project increases, and one quarter anticipate decreases. But with two exceptions, all of the projected increases and decreases are for 10 percent or less.

Small and mid-size organizations, those granting up to \$10 million annually, are more likely than large grantmakers to expect their giving to stay about the same in 2013, and they are less likely to anticipate decreases in giving.

FIGURE C

Predicted Changes in Grantmaking in 2013 vs. 2012 by Grantmaker Size

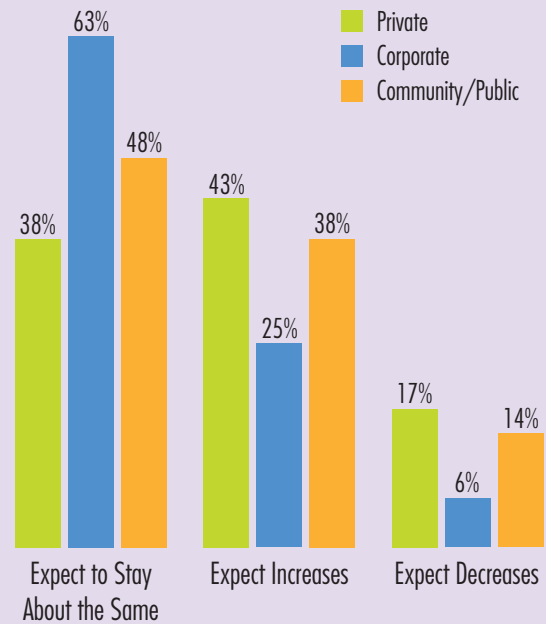


Private Foundations Most Likely to Expect Increases

Private foundations, which include family and independent foundations, are more likely to forecast increases in their 2013 grantmaking than are their corporate or community/public counterparts (see Figure D). Corporate foundations and giving programs are most likely to expect their grantmaking to stay about the same. About 17 percent of private foundations, 14 percent of community/public foundations, and 6 percent of corporate grantmakers expect their giving to decline in 2013.

FIGURE D

Anticipated Grantmaking Changes in 2013 vs. 2012 by Grantmaker Type



Other Grantmaking Strategies Identified

In open-ended responses to a survey question about 2013 grant sizes, a few grantmakers commented that they plan to focus on sustaining their nonprofit partners through multi-year grants and other capacity-building strategies. One mid-size community/public grantmaker noted, "We are increasingly open to multi-year requests as well as requests for general operating and capacity building support. We think these are strategies to help strengthen organizations in spite of cuts from federal and state government."

Several corporate grantmakers plan to broaden their global grantmaking. One noted it plans "continuing growth of our international grantmaking tied strategically to our business, along with focusing our grantmaking in Minneapolis and the U.S. on fewer areas and partners." A few other grantmakers described a renewed emphasis on direct scholarships to students.

Assets Expected to Grow in 2013

Fifty-six percent of responding foundations anticipate their assets will rise in 2013, while 33 percent predict assets will stay the same and 11 percent expect decreases (see Figure E). Most grantmakers who expect higher assets in 2013 predict increases of less than 10 percent (see Figure F). Grantmakers are more optimistic about asset growth in 2013 than when they were surveyed for the *2012 Outlook Report*: just 45 percent projected increases in 2012 from 2011.

FIGURE E

Anticipated Changes in Minnesota Grantmaker Assets in 2013 vs. 2012

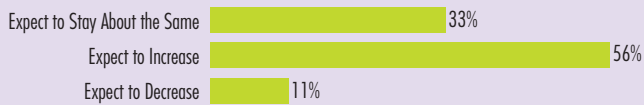
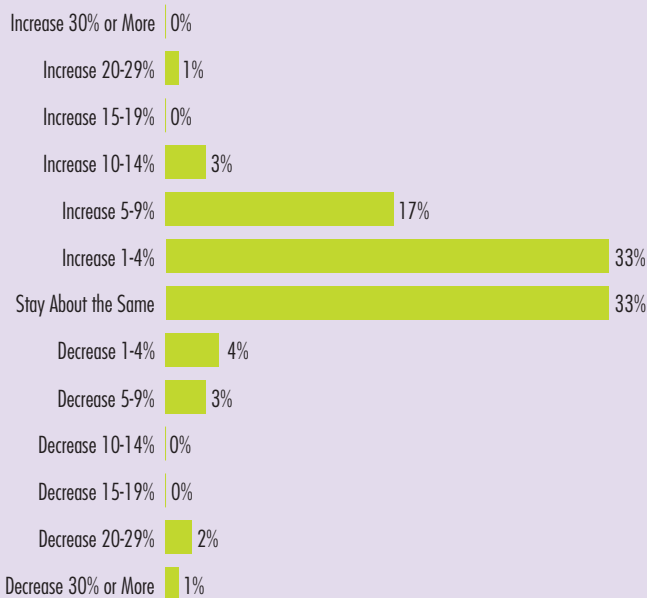


FIGURE F

Expected Changes in Grantmaker Assets in 2013 vs. 2012 by Amount of Change*



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

Subject Area Priorities Remain Consistent

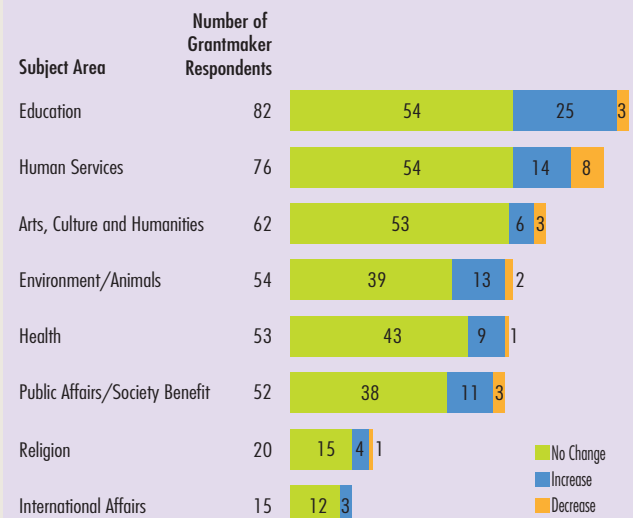
MCF asked grantmakers to estimate if their 2013 giving to the subject areas that they support will increase, decrease, or remain the same. (Grantmakers did not share *how much* they will give each subject area or *the amount* of the change.) Most respondents plan no changes in giving to their selected subject area(s) (see Figure G). Notably, more grantmakers predict increases than decreases for every subject area.

Twenty-five out of 82 education funders responding to the survey plan to increase their giving to education in 2013. In the 2012 Outlook Report, 23 of 77 education funders anticipated increases. This trend seems to indicate momentum in supporting education.

Fourteen of 76 human services respondents predict increases, while 8 anticipate decreases. In 2012, 6 of 79 human services grantmakers forecast decreases. These funding changes may indicate that as Minnesota recovers from the recession, grantmakers are shifting grant dollars from human services to education.

FIGURE G

Projected Changes in Grantmaking in 2013 vs. 2012 by Subject Area

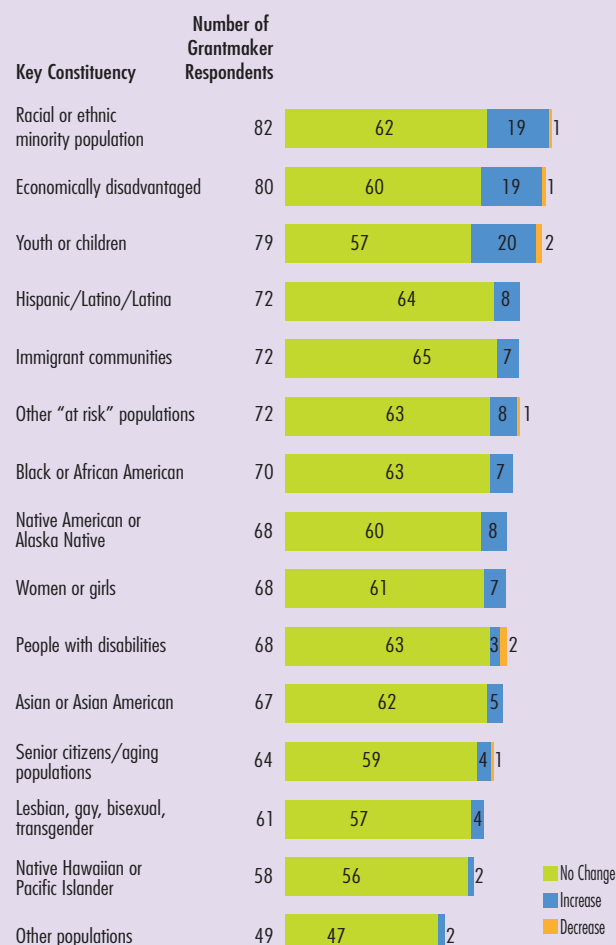


Over Three-Quarters of Grantmakers Support Racial or Ethnic Minority Populations

For the first time in this survey, MCF asked grantmakers to estimate if their 2013 giving to the key constituencies that they support will increase, decrease or remain the same. (As with the subject areas, grantmakers did not share *how much* they give to each constituency or *the amount* of the change.) Most respondents plan no changes in their 2013 giving to their selected key constituencies (see Figure H). Very few anticipate decreases to key constituency groups.

FIGURE H

Predicted Changes in Grantmaking in 2013 vs. 2012 by Key Constituency



Over three-quarters of survey respondents indicate that their funding benefits racial or ethnic minority populations; 19 of these 82 funders plan to increase grant dollars to these groups in 2013. Eighty grantmakers support the economically disadvantaged, and 19 of those anticipate funding increases. In line with expected increases for education funding, 20 of 79 grantmakers plan to increase youth or children support.

Non-cash Support Strategies Critical

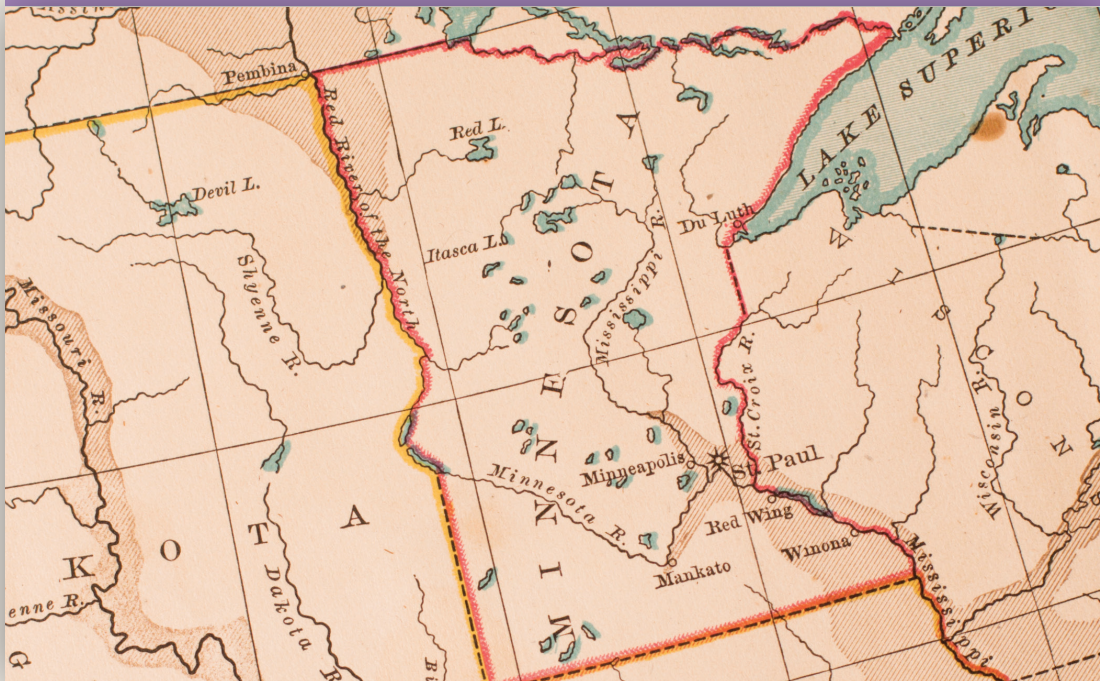
When asked about other philanthropic strategies they will employ to meet their missions, grantmakers gave multiple responses. Sixty-one respondents cited nonmonetary support to nonprofits, such as technical and capacity-building assistance, volunteers, in-kind products or services, and more. Several private grantmakers specifically identified "training" and "leadership development."

Sixty-two respondents plan to join formal or informal coalitions with grantmakers, nonprofits, and/or government agencies in 2013, compared to just 48 in 2012, as reported in MCF's *2012 Outlook Report*. One large corporate grantmaker plans to "collaborate in our key focus areas," while a large private foundation will focus on "convenings and roundtables."

Twenty-eight respondents stated that they plan to make program-related investments (PRIs), and 12 plan for mission-related investments (MRIs). Twenty-five reported pursuing public policy/advocacy activities.

"Spending more time on research and collaboration with other funders may lead us to fund research or advocacy."

- Small Private Grantmaker



About This Report

The *2013 Outlook Report* summarizes grantmaker survey responses provided to MCF in October and November 2012. While responses indicate the overall sentiment about the outlook for grantmaking in 2013, changing economic indicators and other unanticipated factors may affect future philanthropic giving.

Survey responses came from a wide range of sizes and types of grantmakers, including 42 private foundations, 32 corporate foundations and giving programs, and 30 community and public foundations.

Of the 104 foundations and corporate grantmakers who completed the survey, most are MCF members, but respondents also included several other large organizations. Respondents represent 7 percent of all Minnesota grantmakers, 75 percent (\$1.05 billion) of all Minnesota annual grantmaking, and 70 percent (\$11.8 billion) of Minnesota foundation assets, as reported in MCF's *2012 Giving in Minnesota* report.

Eighty-three of the 104 respondents reported that they granted \$10 million or less in 2012. The 21 respondents who reported they granted \$10 million or more represent approximately 86 percent of the grant dollars reported on here.

Ninety of the 104 respondents reported they have assets. Of those, 29 reported assets of less than \$10 million in 2012, 28 have assets between \$10 million and \$50 million, and 33 have assets over \$50 million.



MINNESOTA COUNCIL
ON FOUNDATIONS

100 Portland Avenue South, Suite 225

Minneapolis, Minnesota 55401-2575

tel 612.338.1989 fax 612.337.5089