

The Center on Philanthropy & Public Policy

Research and analysis to advance public problem solving

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California foundations have experienced robust growth over the past 20 years.

California Foundations – A Snapshot

California Foundations – A Snapshot provides a quantitative assessment of the size, structure, and scope of the foundation enterprise in the state, and places it in a national perspective. The report documents the substantial size and growth of the philanthropic sector during the past 20 years, highlights the sector's structural dimensions, and analyzes grant-making patterns. In doing so, the report highlights both the challenges and opportunities facing California foundations, and provides a starting point for a conversation about the promise and possibilities for foundations and their partners in the nonprofit sector and public policy arena.



UNIVERSITY OF SOUTHERN CALIFORNIA

These highlights are excerpted from the report: *California Foundations – A Snapshot*. The full report is available online at www.usc.edu/ philanthropy or may be ordered from The Center on Philanthropy and Public Policy. This report is part of a larger project creating a baseline analysis of California foundations, being done in cooperation with the Foundation Center and funded by The James Irvine Foundation.

California Foundations – Impressive Size and Growth

California foundations have come to represent a significant force in philanthropy within the state and across the nation. The sector has experienced robust growth over the past two decades, while the scale, pace, and complexity of philanthropy has increased significantly. This growth has created a presumption of growth for the future, reinforced by a focus on the unfolding transfer of wealth between the generations. This, and the increased popularization of philanthropy, has heightened policymakers' and the public's awareness of foundations, and has increased scrutiny of foundation performance. Consider the following:

Foundations have a significant presence in California.

- California had nearly 4,000 foundations in 1998, with more than \$52 billion in assets, and awarded more than \$42 billion in grants.
- By way of comparison, there were approximately 47,000 foundations nationwide, with assets of \$385 billion and providing more than \$19 billion in grants in 1998.
- California foundations account for 14 percent of U.S. foundation assets and 11 percent of total giving today.

California has been the pacesetter for foundation growth during the past two decades.

- During the period from 1993 to 1998, assets and total giving doubled, reflecting both an increase in foundation formation as well as growth in the value of foundation assets.
- California had nearly 4,000 foundations in 1998, with more than \$52 billion in assets, an increase from 1,643 foundations in 1978 with \$2.8 billion in assets.
- California's charitable foundation assets are now growing at a rate faster than those in the rest of the country, illustrated by the fact that 64 percent of California's foundations have been established since 1980. In comparison, 56 percent of foundations nationwide have been created since 1980.

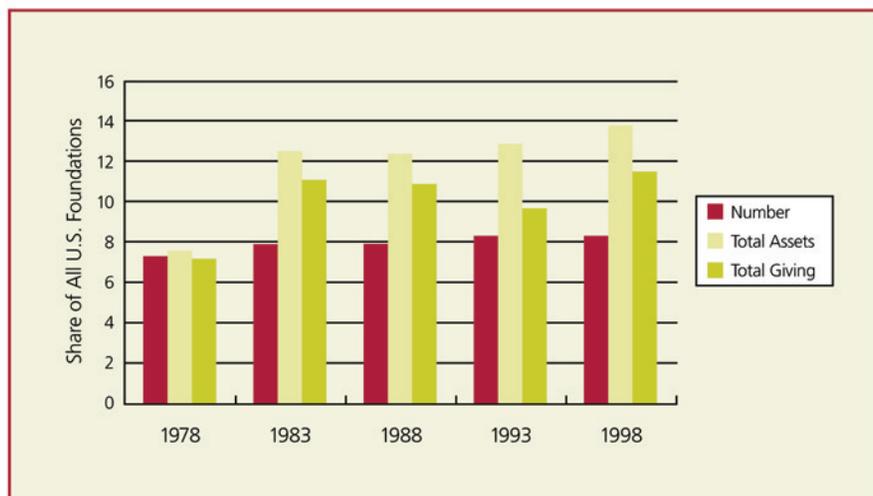


Figure 1. California's Share of U.S. Foundations: Numbers, Assets, and Giving for Selected. Source: Foundation Center, *Guide to U.S. Foundations*, various years.



The Structure of California Foundations – Variations in Size and Type

In addition to the immense growth of California's foundation enterprise during the past two decades, California's foundations have developed distinctive structural dimensions in terms of size, concentration, and composition. Family foundations, health conversion foundations, and community foundations have higher profiles in California than is the case nationally. These patterns reflect the recent growth of philanthropy as expressed through the rapid rate of foundation creation in the 1990s, many with assets of less than \$1 million; the increased growth of community foundations through new gifts creating donor-advised funds; and the philanthropic windfall from the restructuring of the healthcare industry within the state. This analysis finds:

The composition of California foundations is distinct from national patterns.

- Community foundations play a larger role in California, accounting for 11 percent of giving in the state compared to eight percent nationally.
- Family foundations account for a larger share of independent foundations, usually 7 to 12 percentage points higher than at the national level.
- New health foundations comprise more than half of the assets of all such foundations nationwide.
- Corporate foundations have less of a presence in California, particularly in terms of grantmaking, where it is only half of the relative share of corporate foundation grantmaking at the national level.

California's foundation sector is more highly concentrated than its national counterparts.

The 28 largest foundations in California accounted for 66 percent of all assets and 48 percent of total giving in 1998. At the other end of the size spectrum, over half of California's foundations have assets of less than \$1 million and in aggregate comprise seven percent of giving and slightly more than one percent of assets. In between, there are 1,539 foundations with assets between \$1 million and \$250 million, accounting for 33 percent of all assets and 45 percent of total giving. This dominance of the largest foundations in California distinguishes the state from the rest of the nation.

- Foundations with over \$1 billion in assets account for 50 percent of foundation assets in California, compared to 35 percent nationwide.
- Foundations with assets of more than \$250 million account for 66 percent of assets in California, compared to 52 percent nationally.
- 48 percent of foundation giving comes from foundations with over \$250 million in assets in California, compared to 37 percent nationwide.

Foundations play a critical role in our communities. This study provides an initial look at the size, structure and scope of California foundations and provides a rich context for understanding the role of foundations in the evolving philanthropic landscape. The analysis points to the fundamental questions that foundations and their partners in the nonprofit sector and the policy community should explore as the future of California philanthropy and public policy is charted in the coming years.



The Center on Philanthropy and Public Policy promotes more effective philanthropy and strengthens the nonprofit sector through research that informs philanthropic decision making and public policy to advance public problem solving. Using California and the West as a laboratory, the Center conducts research on philanthropy, volunteerism, and the role of the nonprofit sector in America's communities. The Center communicates its findings and convenes leaders from the philanthropic, nonprofit, and policy communities to help them identify strategies for action.

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Grantmaking Patterns of California Foundations

An analysis of 110 of the larger California foundations reveals grantmaking patterns and priorities that are somewhat different from their national counterparts.

- California foundations focus their grantmaking primarily within the state. Of grants in excess of \$1.2 billion, approximately \$820 million (69 percent) went to nonprofit organizations in California.
- The greatest funding priorities of California grantmaking are health, education, human services, and arts and culture, as is the case nationally.
- Health, the environment, and science/technology receive relatively larger shares in California than nationally.
- Education receives a relatively smaller share in California than nationally; schools receive a similar share within the state and nationally, although California's colleges and universities received a relatively smaller share.
- Specific programs receive more support than general programs, as is the case nationally.

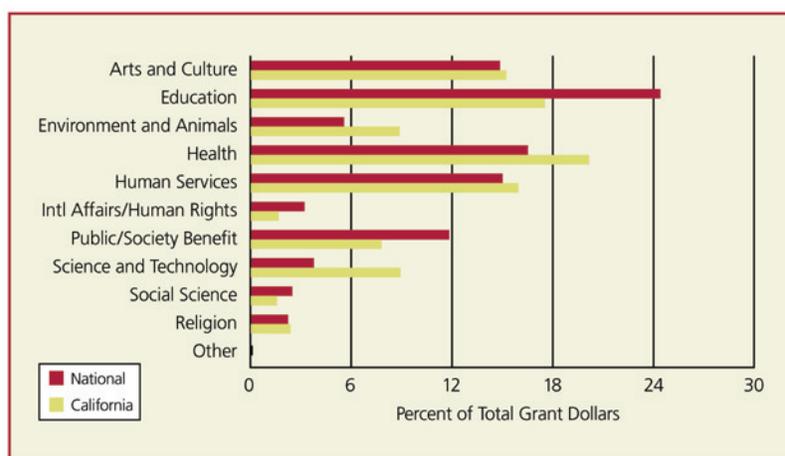


Figure 2. Percent of Total Grant Dollars by Subject, California and the U.S., 1998
Source: Foundation Center, *Grants Index*, 2000.

California's Foundations: Promise, Potential, and Possibility

California Foundations – A Snapshot provides a starting point for a public conversation that can help to inform philanthropy and public policy. This initial report highlights both the opportunities and the challenges for California foundations, while raising questions that need further study and analysis by the research community, and focusing on issues that deserve attention and discussion by key leaders in philanthropy, the nonprofit sector, and the public policy arena. The robust growth of the sector has expanded the capacity for grantmaking, and it is conceivable that growth will not only continue, but may accelerate.

In addition, foundation giving reflects the action of nearly 4,000 quite distinct entities with different views and interests. As the promise and possibilities of the future are considered, some key questions include:

- Can the growth in the foundation sector increase capacity for public problem solving?
- As foundations grow in numbers and size, are there opportunities for greater collaboration among foundations?
- Can foundations expand their impact through strategic alliances with partners in other sectors?