California foundations have emerged as an important force on the philanthropic landscape. *California Foundations: Trends and Patterns* examines foundation trends over the 1990s and the patterns across the state in order to provide a comprehensive baseline for tracking the future development of California’s foundation sector and understanding its potential. The analysis finds three prevalent themes that are important for understanding California foundations and considering the future of foundation philanthropy: record growth in foundation numbers, assets and giving; new philanthropic resources such as health conversion foundations, community foundations and family foundations; and dramatic concentration of assets in the San Francisco Bay area and coastal southern California, and high levels of grants received per person in the Bay area.
Foundation Growth and Distribution

The assets and giving of California foundations more than tripled during the 1990s. In 1999, the state had 4,208 grantmaking foundations, with over $68 billion in assets and total giving of nearly $2.9 billion. This is an increase from 2,702 foundations, with $19.6 billion in assets and total giving of $893 million in 1991; and an increase from 3,285 foundations with total assets of $29.8 billion and total giving of $1.3 billion in 1995. The expanded number of foundations and their assets translate into a greater capacity for public problem solving through foundation grantmaking.

The growth in California foundations has outpaced nationwide growth, contributing to a westward tilt in the nation’s foundation sector. In 1999, California foundations accounted for 8.1 percent of U.S. foundations, and represented 15.2 percent of total assets and 12.4 percent of total giving in the United States. Although California’s share of all foundations has remained unchanged since 1991, the share of total assets is up from 12 percent, and total giving is up from 9.7 percent in that same year. California now ranks second only to New York in its share of number of foundations, foundation assets, and foundation giving.

The growth of California foundations during the 1990s was spurred, in part, by the formation of new foundations. Forty two percent of the state’s foundations were created in the 1990s, compared to 36 percent at the national level. Although the majority of new foundations are relatively small, 11 percent of foundations with over $100 million in assets have been formed since 1990, compared to eight percent nationwide. Important sources of growth have been health conversion foundations, community foundations, and family foundations.

Foundation capacity is highly concentrated in coastal southern California and the San Francisco Bay area. The foundations in the nine counties included in these two regions represented 95 percent of the assets of California foundations in 1999.

- Los Angeles County had 1,542 foundations, 37 percent of the state’s foundations. These foundations have assets of $27 billion, almost 40 percent of all foundation assets statewide.
- The San Francisco Bay area had 1,275, or 30 percent, of the state’s foundations and assets of nearly $35 billion, almost 51 percent of the total assets of the state.
- In contrast, among California’s 58 counties, seven California counties had no foundations and an additional eight had only one foundation.
- In terms of percent growth, the number of foundations grew at the fastest rate in the San Jose and San Diego areas.
Grantmaking Priorities and Reach

Top funding priorities are health, education, human services, the environment, and the arts and culture. The greatest shares of California grant dollars, as of 1999, are directed to health (25 percent), education (17 percent), human services (15 percent), the environment (10 percent), and arts and culture (10 percent). With the exception of the environment, these are also the top funding priorities among the nation’s largest foundations, although the ordering is slightly different — education is the top priority and health the second, nationally.

- Health has emerged as an important priority in grantmaking in California as a result, in large part, of nonprofit healthcare conversions. Health comprised 25 percent of foundation giving in California compared to 17 percent nationally in 1999. In fact, during the 1990s, health funding in the state has increased while the national share has remained constant.

- The environment has become an important priority for California foundations. Grant dollars targeted for the environment represented 11 percent of California foundation giving compared to six percent nationally. Funding for the environment in California was steady from 1991 to 1995 at four percent and then more than doubled to 11 percent from 1995 to 1999.

California foundations focus the majority of their grantmaking on the state. In 1999, California foundations directed 70 percent of their grantmaking to recipients in the state, compared to 76 percent in 1991 and 74 percent in 1995. An increasing number of California foundations are already or are becoming significant players on the national and international scene, such as The David and Lucile Packard Foundation and The William and Flora Hewlett Foundation.
The reach of foundation philanthropy within the state varies dramatically among the state’s counties. Together, Los Angeles County and San Francisco County account for 52 percent of the almost $1.5 billion in total grants of foundations in the grants sample.

- While grant dollars in California average $28 per person, San Francisco County received $418 per person and Los Angeles County received only $45 per person.
- The six San Francisco Bay area counties received 48 percent of the grant dollars, yet account for only 17 percent of the state’s population. In addition, the nearby counties of Monterey, Humboldt, Sacramento and Yolo Counties received greater than average grant dollars per capita.
- Southern California has been less successful than expected given its strength in capacity. No southern California county other than Los Angeles exceeded the average of $28 per capita.

Summary

The significant growth in California’s foundation sector during the last decade touched all aspects of the foundation infrastructure and made California a clear growth leader in the nation and a major factor in the “westward tilt” of philanthropic dollars. Growth, particularly as manifested in asset appreciation, seems unlikely to be sustained at the record levels of the 1990s, at least in the short term. This is apparent from the impact of the lackluster economy since 1999, the last year of the trend data.

Two arenas to watch, however, relate to California’s important sources of assets: 1) community foundations, which could continue to tap into more and more individual donors who, in the aggregate, will build up substantial and very widely held assets, and thus both democratize and enlarge philanthropy; and 2) the family foundations started in the last two decades of the century which could see a significant transfer of intergenerational wealth into their endowments in the next two decades.

This baseline analysis of California foundations provides a useful starting point for a discussion of the promise, potential and possibilities for foundations and their nonprofit and policy partners as they chart the future of philanthropy and public policy within the state. The analysis will serve as a benchmark for assessing future developments in philanthropy and its ability to address the public problems that face Californians.