

# *Foundations for Los Angeles, 2007*

An Analysis of the Scale, Scope  
and Reach of Foundation Philanthropy  
in Los Angeles County



The Center on Philanthropy & Public Policy  
UNIVERSITY OF SOUTHERN CALIFORNIA

## ABOUT THE CENTER ON PHILANTHROPY AND PUBLIC POLICY

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.

In order to make the research a catalyst for understanding and action, the Center encourages communication among the philanthropic, nonprofit, and policy communities. This is accomplished through a series of convenings and conversations around research findings and policy issues to help key decision makers work together more effectively to solve public problems and to identify strategies for action.

Report written by James M. Ferris

The opinions presented in this paper represent those of the authors and not those of The Center on Philanthropy and Public Policy. A copy of the full report can be downloaded on the Center's website at [www.usc.edu/philanthropy](http://www.usc.edu/philanthropy).

Cover photo by Kansas Sebastian

The Center on Philanthropy and Public Policy  
School of Policy, Planning, and Development  
University of Southern California  
Lewis Hall, Room 210  
Los Angeles, California 90089-0626  
Phone: (213) 740-9492 Fax: (213) 821-4126  
Email: [cphp@usc.edu](mailto:cphp@usc.edu)  
Web site: [www.usc.edu/philanthropy](http://www.usc.edu/philanthropy)

Copyright © 2010 by  
The Center on Philanthropy and Public Policy

All rights reserved  
Printed in the United States of America

## ABOUT THIS STUDY

The scale, pace and complexity of philanthropy have increased significantly in recent decades. These changes have raised the public profile of philanthropy, and increased expectations of philanthropy and its ability to impact public policy and help solve social problems. While there are several new institutions and structures for philanthropy, the philanthropic foundation will continue to be a focal point for the foreseeable future. But until recently, there has been relatively little information about foundations in California the state and its regions. The Center on Philanthropy and Public Policy, since its inception, has sought to fill that void.

The Center undertook the first in-depth analysis of foundations in Los Angeles County in 2002. This report provides a comprehensive look at the foundation community in Los Angeles as of 2007, and the changes that have unfolded over the previous five years. It covers the scale and structure of Los Angeles foundations, and the scope and reach of foundation philanthropy to the region's nonprofits.

While we began this project with the notion that we would update our earlier analysis of Los Angeles foundations, we realize that this 2007 study will become the benchmark for evaluating the impact of this severe recession on foundations and their philanthropy in Los Angeles. And, we are committed to continue to monitor and assess the consequence for philanthropy in the region. In the fall of 2009, we issued the report, "Prospects for Foundation Philanthropy in Los Angeles During Uncertain Times," based on a survey conducted in the summer of 2009 to gauge the impact of the economic downturn on the finances and the grantmaking of Los Angeles' largest foundations. A third report will be issued this year, as part of this project, to update the assessment of the impact of the economic environment on foundations and their grantmaking as of 2010.

This update was made possible by the funding from The Ahmanson Foundation, California Community Foundation, The California Wellness Foundation, The California Endowment, and the Weingart Foundation. We thank them for their support. The analysis benefited from the advice and feedback of the study's advisory committee, whose members include: Aileen Adams, Office of Strategic Partnerships, City of Los Angeles; Regina Birdsell, Center for Nonprofit Management; Elwood Hopkins, Emerging Markets; Trent Stamp, The Eisner Foundation; Jeffrey Kim, The California Wellness Foundation; Alicia Lara, United Way of Greater Los Angeles; Alvertha Penny, California Community Foundation; Beatriz Solis, The California Endowment, and Tara Westman, formerly of the Weingart Foundation. Of course, the authors are solely responsible for the views expressed in this report.

# *Foundations for Los Angeles, 2007*

An Analysis of the Scale, Scope  
and Reach of Foundation Philanthropy  
in Los Angeles County

Los Angeles foundations represent a significant force in the region, as well as within the state and across the nation. *Foundations for Los Angeles* provides a quantitative assessment of the foundation enterprise in Los Angeles County. This study examines the scale and structure of foundations and the scope and reach of their philanthropy; the changes that have occurred in the last five years; and the prospects for the future. In doing so, the report highlights both the challenges and opportunities facing foundations in Los Angeles, and provides a starting point for a conversation about the promise and possibilities for foundations to improve the lives of Angelenos and the communities they live in.

## **LOS ANGELES FOUNDATIONS: SCALE AND STRUCTURE**

As the scale, pace and complexity of philanthropy has increased over the past two decades, the foundation sector has experienced robust growth.

**The scale of Los Angeles foundations is substantial and growing.** There were 2,412 foundations that called Los Angeles home in 2007.<sup>1</sup> These foundations held assets of \$43.4 billion and made grants of \$2.2 billion. The number of foundations increased 16 percent since 2002; their assets increased 50.4 percent and their giving increased 62.2 percent. The growth in assets was 30.8 percent and the growth in giving was 40.7 percent in inflation adjusted terms.

The growth in the number of foundations in the region is roughly the same as that in California and the United States. The growth in giving of Los Angeles foundations over the period is similar to the rate of growth in giving for California foundations, and markedly above the rate of growth in giving for foundations nationwide. In contrast, the growth rate of the assets of Los Angeles foundations lags behind the rate of California by over 20 percentage points and slightly behind the rate of growth among U.S. foundations.

---

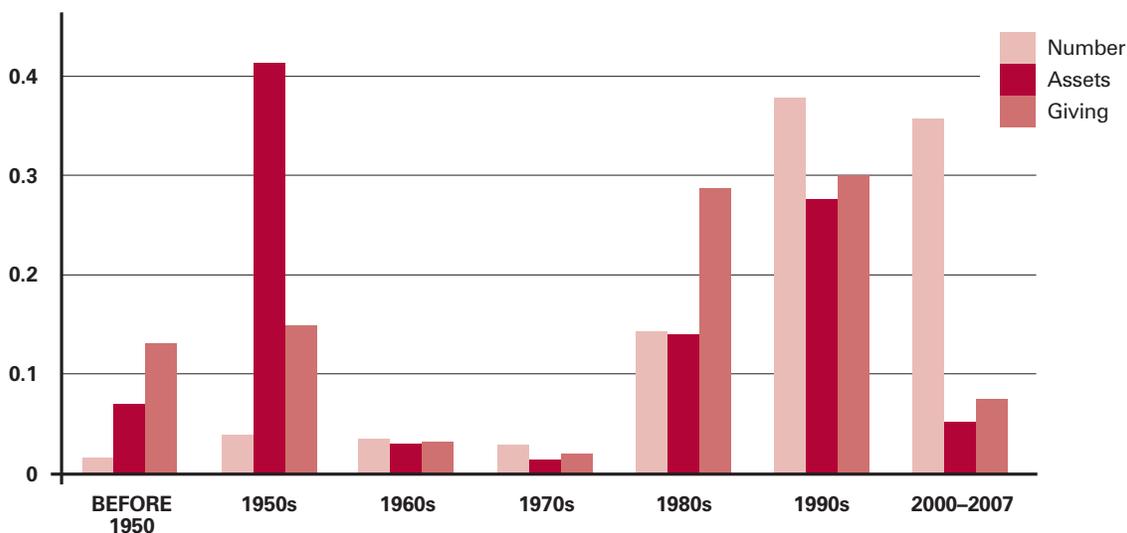
1. This analysis is based on data obtained from the Foundation Center's Foundation Yearbook for those foundations that made grants of at least one dollar in either 2002 or 2007. Additional details on the data for this analysis are provided in the Appendix.

**GROWTH RATES: NUMBERS, ASSETS AND GIVING, 2002-2007; LOS ANGELES, CALIFORNIA, AND U.S.**



**Foundations created in the last two decades account for over two thirds of the region’s foundations.** The creation of new foundations in Los Angeles that we saw in the 1990s continues today. As of 2007, there have been 704 new foundations created this decade, almost as many as the 743 foundations created during the 1990s. Together, foundations created since 1990 account for over 70 percent of the foundation community in Los Angeles. In a cumulative sense, these foundations are playing a significant role today, accounting for 37.4 percent of giving by all Los Angeles foundations, and 33 percent on the assets.

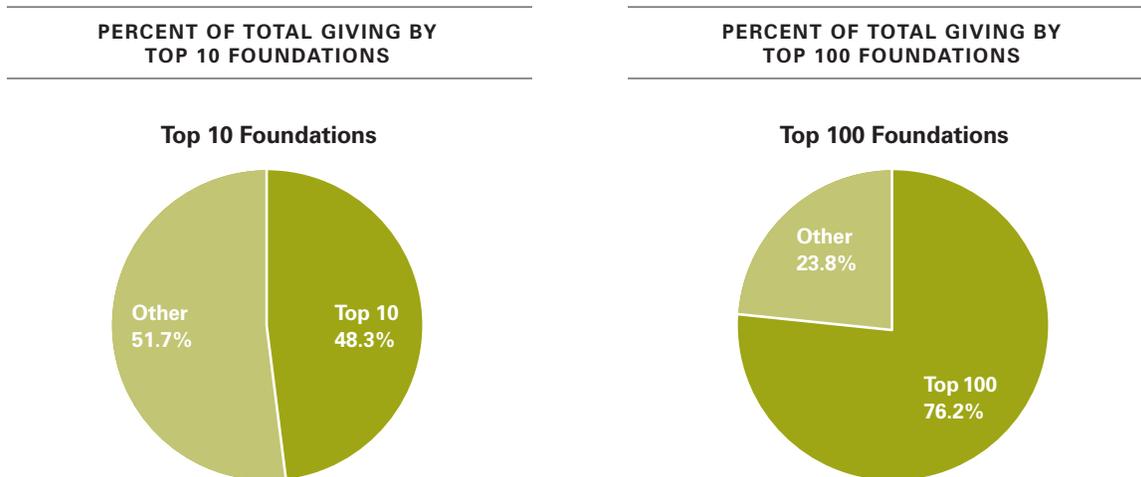
**PERCENT OF NUMBER, ASSETS AND GIVING OF LOS ANGELES FOUNDATIONS, BY DECADE OF ESTABLISHMENT**



The relationship between assets and giving among these foundations is quite different than it is for foundations that were created in much earlier decades. For example, there are a relatively small number of foundations that were created in the 1950s that dominate the landscape of foundation philanthropy in Los Angeles today given the size of their endowments and the magnitude of their giving, including the Ahmanson Foundation, The J. Paul Getty Trust, the W. M. Keck Foundation, and the Weingart Foundation. Foundations established in the 1950s control 41 percent of the assets of all foundations, and account for 15 percent of all giving.

The more recently established foundations, with living donors or their families in control, often have giving levels that reflect a much larger share of asset levels. These foundations are frequently a vehicle by which individuals make contributions into the foundation in order to make grants. What we do not know at this point is the extent to which these foundations will grow in capacity over the life-cycle as earlier established foundations have.<sup>2</sup> If those patterns do hold, the capacity of these foundations created in recent decades will likely grow in the future as the foundations mature and receive additional gifts from the founding donors or their families.

**The giving and assets of Los Angeles foundations are highly concentrated among a few foundations, not unlike foundations elsewhere.** The top ten foundations in terms of giving account for 48 percent of giving by all Los Angeles foundations; the top 25 account for 58 percent of giving by all Los Angeles foundations; the top 50 account for 67 percent of giving by all Los Angeles foundations; and the top 100 account for 76 percent of giving by all Los Angeles foundations. At the other end of the spectrum, there are 2,151 foundations (89 percent) that have assets of \$10 million or less, and account for 18 percent of all giving.



2. It is typically expected that once a foundation is established, there is a period of about two decades before it fully matures in terms of receiving the final gift to endowment at the time of the founder's death. This may be changing as donors shift their giving to earlier stages of their life and focus on doing their philanthropy during their lifetimes.

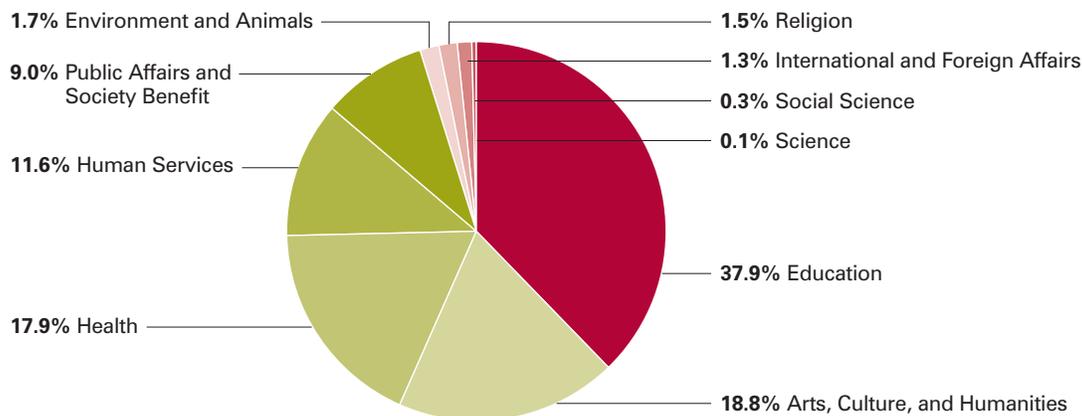
## THE SCOPE AND REACH OF FOUNDATION PHILANTHROPY IN LOS ANGELES

One of the important means by which foundations impact the community is through their grantmaking. And perhaps the best way to understand this is from the perspective of the nonprofits that receive that philanthropy. Based on a sample of the grants made to the region’s nonprofits by Los Angeles foundations, as well as those from within California and across the United States, we are able to develop a portrait of grantmaking in the region taken in 2007.<sup>3</sup>

**Foundation philanthropy is highly concentrated, both in terms of grant dollars and in terms of the nonprofit organizations receiving them.** The grants in the sample range from \$10,000, the minimum size for inclusion in the sample, to a \$24 million grant made by the W.M. Keck Foundation to the California Institute of Technology. The average grant size is \$159,042 and the median grant size is \$43,000. There are 144 grants of \$1 million or more that together total \$375 million. These grants represent three percent of the grants in the sample, but nearly 47 percent of the grant dollars. At the other end of the distribution, there are 1,631 grants under \$25,000 that sum to \$21.6 million. These smaller grants represent 32 percent of the grants in the sample, but less than three percent of grant dollars. Not surprisingly much of the grantmaking is directed toward larger nonprofits such as universities, research-oriented health organizations, and cultural institutions.

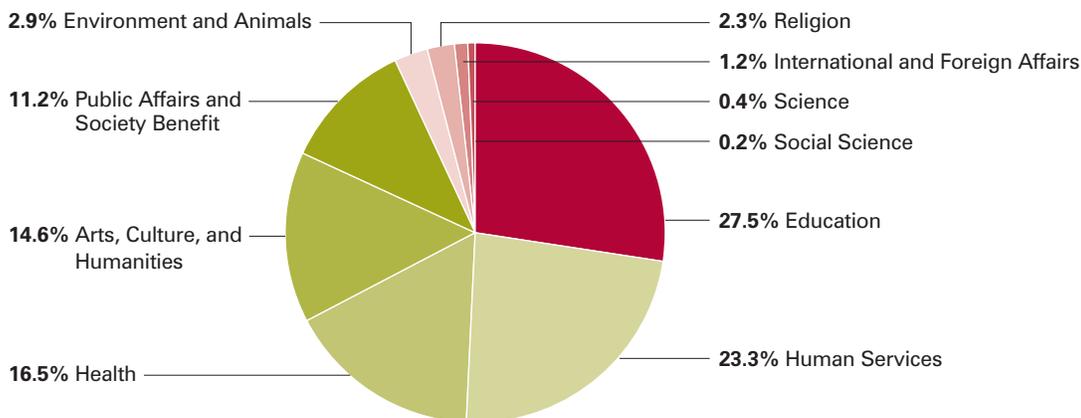
**Funding priorities are education, arts and culture, health, and human services.** Foundation grantmaking to Los Angeles nonprofits, in terms of the share of grant dollars received, is most focused on education (38 percent), arts and culture (19 percent), health (18 percent), and human services (12 percent). In terms of relative share of the number of grants, the top focus areas are education (28 percent), human services (23 percent), health (17 percent), and arts and culture (15 percent).

**GRANT DOLLARS TO LOS ANGELES COUNTY RECIPIENTS BY SUBJECT, 2007**



3. This analysis is based on a sample of the grants made to the region’s nonprofits by the largest foundations in the U.S. Their grantmaking totals approximately half of the total giving by foundations. Additional details on the data for this analysis are provided in the Appendix.

**NUMBER OF GRANTS TO LOS ANGELES COUNTY RECIPIENTS BY SUBJECT, 2007**



**Los Angeles foundations account for the majority of foundation funding of the region’s nonprofits and focuses primarily on the needs of the community.** Local foundations account for 57 percent of the total grant dollars received by nonprofit organizations in Los Angeles, with foundations from other parts of California accounting for 14 percent of the total grant dollars, and foundations incorporated in other states accounting for 29 percent.

**Community interests and needs are the priority of Los Angeles foundations, while out-of-state foundations tend to support fields that are less localized.** Los Angeles foundations play the most prominent role, in terms of the relative share of grant dollars, in human services (76 percent), health (72 percent), international affairs (70 percent), arts and culture (63 percent), religion (63 percent), the environment (50 percent), and in K-12 education (83 percent). Foundations from outside of California play the most prominent role in public/society benefit (51 percent), social science (76 percent), and science (50 percent).

**Los Angeles foundations are committed to Los Angeles, but not exclusively focused on the region.** The 38 Los Angeles foundations in the grant database made grants totaling \$1.07 billion, which represents 43 percent of the total giving of all Los Angeles foundations. Forty-three percent of these grant dollars went to local nonprofits, 19 percent went to nonprofits in other parts of California, and the remaining 38 percent went to nonprofits outside of California. At the same time, foundations from other parts of California and from other states made grants to Los Angeles nonprofits. However, the inflow of philanthropic dollars is less than the outflow, resulting in Los Angeles being a net exporter of philanthropic dollars based on the grantmaking of the foundations included in the grant sample.

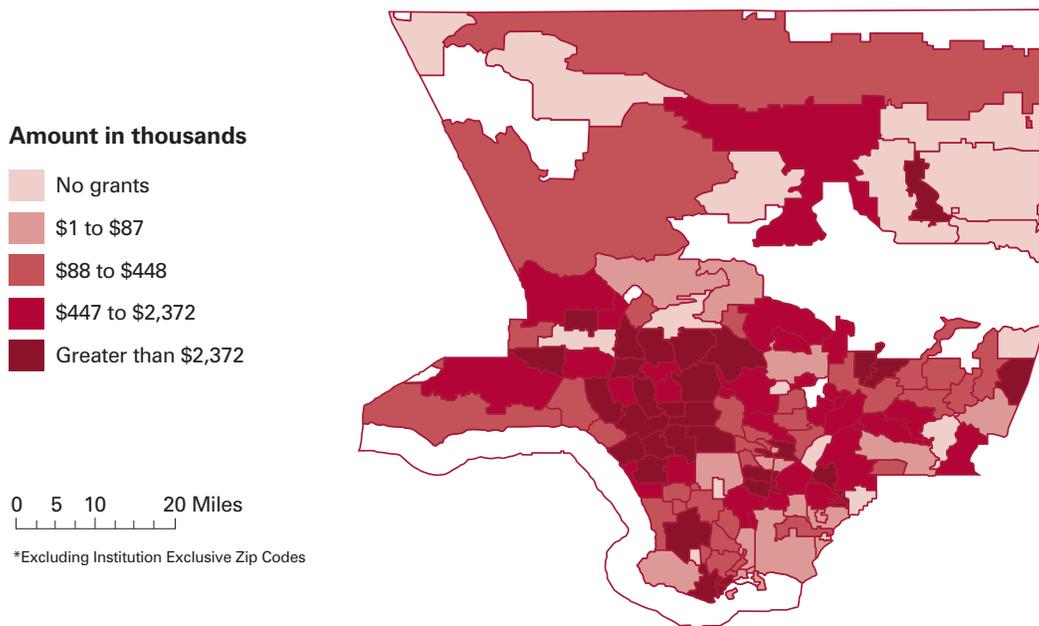
**The grantmaking patterns have been fairly stable over the last five years.** An analysis of the grants made to Los Angeles area nonprofits in 2002 and 2007 for a common set of foundations are remarkably similar despite the fact that 2002 was a relatively low mark and 2007 was a peak for grantmaking in this decade—grantmaking continues to be highly concentrated; education, arts and culture, health, and human services continue to be the top funding areas; and local foundations continue to be the main source of support for local nonprofits with roughly 60 percent of LA nonprofit funding coming from LA foundations.

The reach of foundation philanthropy across communities is highly correlated with variations in the nonprofit infrastructure. The total grant dollars received by nonprofits in a community within Los Angeles County ranges from zero to \$112 million, with a mean of \$5.3 million and a median of \$446,180. The spatial analysis of grantmaking is based on the location of the nonprofit that receives the grants. It is only a rough approximation of the distribution of benefits from grantmaking since the benefits of grants do not necessarily stay in the community where the recipient organization is headquartered.<sup>4</sup> Nevertheless the analysis underscores that the key factor in determining the degree to which communities receive grants is the robustness of a community’s nonprofit infrastructure—the number of nonprofits as well as their capacity.

---

**GRANT DOLLARS RECEIVED BY NONPROFITS, IN THOUSANDS**

---




---

4. For a fuller discussion of the issues and assumptions behind the mapping analysis, see the section on the reach of philanthropy in the report, available on the Center’s website.

## PROMISE AND POSSIBILITIES

Foundation philanthropy has an important role to play in enriching the lives of individuals and their communities through its support of nonprofit organizations, enabling them to deliver public services, advocate for their constituents and causes, and build social capital in the community. As such, it is critical to understand the foundations and their philanthropy. This analysis provides an important portrait of the scale of Los Angeles foundations and the scope and reach of foundation philanthropy to the region's nonprofits in 2007 as well as a look at the changes that unfolded over the previous five years.

The scale and growth of foundations suggest several issues that are worth exploring in terms of the philanthropic infrastructure of Los Angeles. While the current economic climate has created a pause in the pace of growth, it is clear that the growth will continue over the long term. But what is particularly striking from the analysis is how youthful the foundation community is in Los Angeles. And while these young foundations play a significant role in their contributions to foundation philanthropy, the important question is whether these foundations will follow patterns of the foundations created in earlier decades and become endowed, or whether there is a new tendency to give during the lives of the donors. This has important implications for the pace of growth in the coming years.

The youthfulness of the sector also underscores the potential gains that can arise from a greater sharing of information among foundations that are at different points in their life cycle of organizational development (and possibly of different sizes). And of course, to the extent that they have common interests there is even a greater payoff for coordination and collaboration among foundations so as to leverage their resources—dollars, knowledge, and networks—to have a greater impact. This highlights the opportunity that exists for developing a stronger philanthropic infrastructure in the region.

The analysis of the scope and reach of grants made to Los Angeles nonprofit organizations underscores a number of opportunities for enhancing the role of philanthropy in Los Angeles. It is clear that Los Angeles foundations provide the great majority of foundation philanthropy for nonprofits that are focused on community needs. At the same time, it is important to note that the ability to reach communities across the region is highly dependent on the nonprofit infrastructure. Local foundations have an important stake in strengthening their nonprofit partners, and the local nonprofit sector in general. Some of the largest foundations in Los Angeles have missions with broad

---

5. See: *Prospects for Foundation Philanthropy in Los Angeles During Uncertain Times*, The Center on Philanthropy and Public Policy, USC, October, 2009.

6. For example, only 44 of the top 100 foundations, by giving, belong to regional or national philanthropic membership organizations.

geographic scope beyond Los Angeles, as reflected in the seemingly low level of funding of Los Angeles nonprofits and the net export of philanthropic dollars.<sup>7</sup> Yet is it possible for them, without sacrificing their missions, to utilize their substantial resources along with the larger Los Angeles focused foundations to play a leadership role in increasing the capacity of local nonprofits and the infrastructure organizations that support them?

The answers to the questions raised by this analysis are not entirely obvious. Yet, they are important to consider. They highlight the opportunities that exist to strengthen the future of foundation philanthropy and nonprofit capacity in Los Angeles County and in so doing to improve the lives of Angelenos and their communities.

---

7. It is difficult to assess whether the share of local funding for Los Angeles nonprofits or the net export figures are low or high without similar analysis for other urban areas. Unfortunately, there are no similar studies available to provide a comparison.

## Appendix

### DATA SOURCES ON FOUNDATIONS AND THEIR GRANTMAKING

#### **Guide to U.S. Foundations, The Foundation Center.**

The analysis of the philanthropic trends of foundations in Los Angeles County is based on data from the Foundation Center's Guide to U.S. Foundations for 2002 and 2007. This guide includes basic fiscal information on all independent, corporate, operating, and community foundations making grants of at least one dollar during the relevant fiscal reporting period. Sources of data for these foundations include IRS information returns (Form 990-PF) and information reported to the Foundation Center on annual surveys of foundations with assets of at least \$100,000 or giving of \$50,000 or more. Assets are stated at market value. Total giving includes grants, scholarships, and employee matching gifts; it does not include all qualifying distributions, e.g., loans, set-asides, and program or other administrative expenses.

This analysis is based on the headquarters location of the foundation and the state in which the foundation is chartered. There are two foundations that operate locally, but are chartered in other states, that are added to the analysis as Los Angeles foundations: The Annenberg Foundation and the Conrad N. Hilton Foundation. With the exception of community foundations, this analysis does not include public grantmaking charities, social welfare organizations, or other nonprofits that make grants (for example, the Jewish Community Foundation of Greater Los Angeles, the Liberty Hill Foundation, or the Rose Hills Foundation). In addition, it only includes corporate foundations that are headquartered in Los Angeles. It does not include corporate foundations headquartered in other cities or the giving done by corporations outside of a foundation structure.

#### **Grant Database, The Foundation Center.**

The Foundation Center collected data on grants of \$10,000 or more authorized to organizations by 1,339 foundations in the United States in 2007. The grants of 88 California foundations are included; 38 of those are from Los Angeles County. The data include 5,050 grants to Los Angeles County recipients made by 419 foundations, totaling \$803 million. The grants were made to 1,732 nonprofit organizations. Grants to individuals are not included in the sample, and only the discretionary grants made by community foundations are included. An additional 2,588 grants totaling \$612 million were made by Los Angeles foundations to nonprofits outside of Los Angeles County.

The grant dataset is based on the grantmaking of only a portion of all foundations in the county, state and nation. However, the grants included account for 48.8 percent of all grant dollars of national foundations; 49.4 percent of all grant dollars of California foundations; and 47.8 percent of the total giving of Los Angeles foundations, where a Los Angeles foundation is as defined above.

Two cautions are urged in interpreting the results of this grantmaking analysis. First, the fact that we are relying on a sample of foundations and their grants means that the analysis underestimates the total amount of grantmaking to organizations in Los Angeles County. Second, because the sample is based on larger foundations and excludes grants below \$10,000 made by these foundations, it is possible that the patterns we observed cannot be generalized to smaller foundations or to grants under \$10,000. We, however, have no *a priori* reason to expect that the patterns observed here are biased in a particular way.

The Center on Philanthropy and Public Policy  
School of Policy, Planning, and Development  
University of Southern California  
Lewis Hall, Room 210  
Los Angeles, California 90089-0626  
Phone: (213) 740-9492 Fax: (213) 821-4126  
Email: [cphp@usc.edu](mailto:cphp@usc.edu)  
Web site: [www.usc.edu/philanthropy](http://www.usc.edu/philanthropy)