

## Challenges Ahead: Upstate NY Philanthropy and the Economy

Philanthropic endowments experienced dramatic gains in the late 1990s. The expanded grantmaking that resulted benefited every field and discipline. Now, with a more than 30% decline in the U.S. equities market in recent months, many foundations will have fewer grant dollars to distribute in 2009.

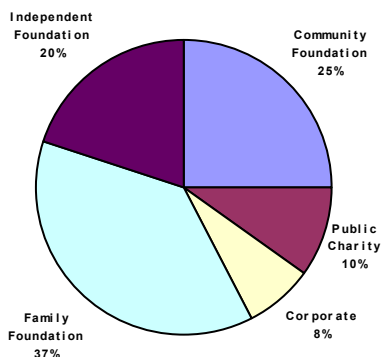
Grantmakers Forum of New York conducted an Economic Impact Survey among grantmakers in Upstate New York to understand the potential effect of the current economy on their philanthropy. In the 52 counties of Upstate New York, 550 foundations distributed 97% of the grants in 2006-2007<sup>1</sup>. Most have assets below \$20 million. This survey sample represents 7% of those philanthropic organizations.

As government funding for important social programs decreases, and individual donors are pressed for support by numerous nonprofits, many eyes turn to private and public foundations and corporate givers to fill the gaps. Although philanthropic organizations cannot take the place of government funding or fundraising from individual donors, they play an important role in the nonprofit sector of Upstate New York.

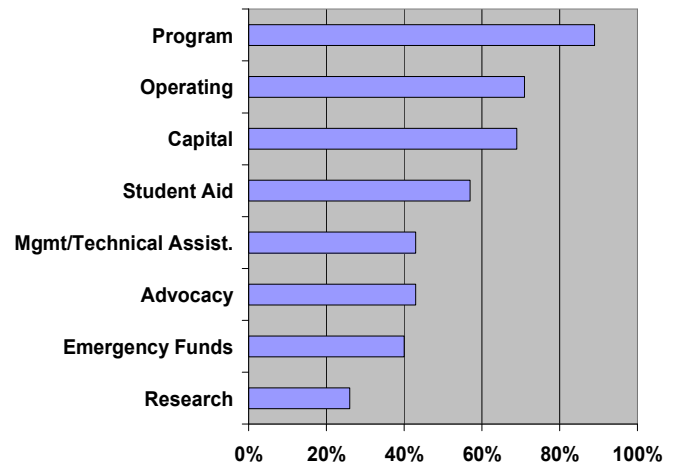
### Survey Respondents

The sample of 40 respondents to the Economic Impact Survey includes organized philanthropy throughout the state, including the Capital Region/North Country, Mid-Hudson Valley, Southern Tier, Central NY, the Finger Lakes, and Western New York.

#### Respondent Types



### Types of Grant Support



- 54% award multi-year grants and/or challenge grants.
- 17% offer loans or program related investments to nonprofits.
- Very few expect to add new areas of support to their portfolios in 2009, although several plan to increase funding for program, operating and emergency funds.

**“We’ll possibly eliminate some grant areas and concentrate on making sure we have funds available for ‘safety net’ programs.”**

### Grantmaker Assets

- 81% of public charity grantmakers and 90% of private foundations experienced a decrease in assets from 2007 to 2008, most between 10% and 20%. A few reported a decrease of more than 20%.
- Over 90% of the sample attributed the decline in assets to investment performance. Other reasons given were a large grant payout and fewer donations (public charities).

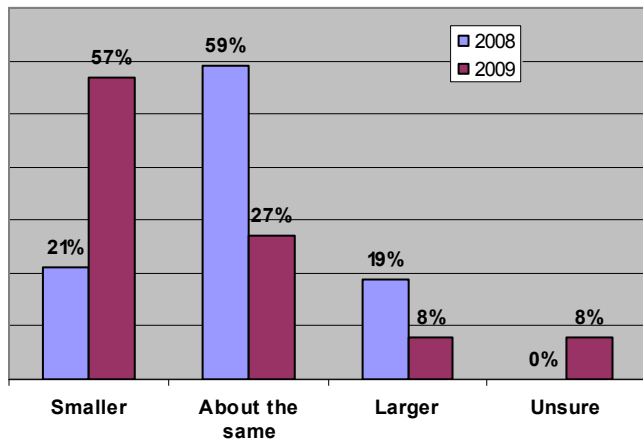
<sup>1</sup>Source: The Foundation Center.

This report was funded by a grant from Rochester Area Community Foundation.

## Grantmaking Budgets

**“We have given away far more than 5% over many years. I doubt we will be able to do that this year.” — Private Foundation**

- In 2008, grant budgets stayed about the same for 82% of public charities and 47% of private foundations.
- 31% of private foundations decreased their grant budget in 2008.
- 21% of private foundations increased their grant budgets in 2008.
- Half of respondents noted increased grant requests in 2008, primarily in human services and arts/culture.



- 83% of the sample expect the volume of requests to increase in 2009 due to reductions in government spending for social programs, smaller individual donations and increased community need caused by the economic downturn.
- Private foundations expect to be most severely affected by the economy, with 3/4 of them anticipating reductions in 2009 grantmaking budgets vs. 45% of public charities.
- Most private foundations anticipated reductions in 2009 of 5% to 45% of their 2008 grantmaking budget, but a few forecasted reductions in excess of 45%.
- 21% of private foundations expect their 2009 grant budgets to stay about the same as in 2008, and 5% expect dollars available for grantmaking to increase.
- In 2009, among public charities, budgets will remain the same (45%) or be smaller (45%) Those expecting a decrease thought it would be less than 15%.
- Grantmakers that fundraise indicated they plan to ask for funds to meet emergency needs.

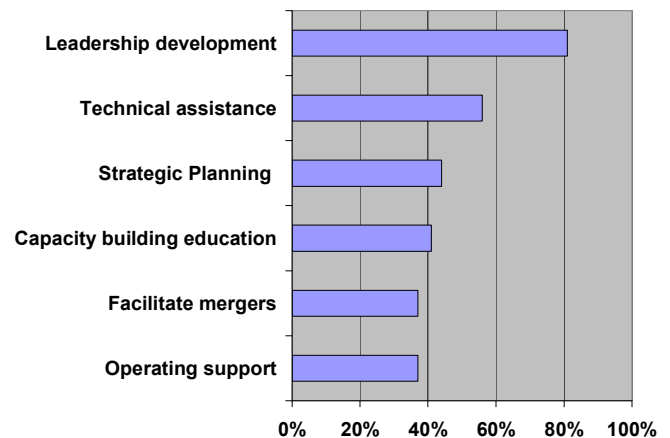
## Grantmaking Strategies

- 42% of the sample will review their funding priorities.
- Some foundations are giving special consideration to requests for operational support, e.g. annual funds.
- 55% will make fewer, larger grants.
- A number are awarding larger, multi-year grants to promote organizational viability and capacity.
- “We will reduce the number of areas we fund, as well as the number of grants.”
- “We are concentrating 80% of funding to help...meet some basic needs.”
- “We will continue to partner with other [grantmakers].”
- “We’ll have to filter better and be clearer about our priorities.”

**“We will continue both our capacity building and neighborhood work, although possibly at lower funding levels.”**

## Capacity Building

Nonprofit sustainability and capacity building are of increasing importance to many grantmakers. When asked about strategies to address the issue, a majority of respondents indicated support for capacity-building. The most popular strategy was leadership development for nonprofit boards and staff.



*Grantmakers Forum of New York is an association of funders, strengthening and promoting philanthropy throughout the state. For more information, visit our website or contact us.* 11/08

