

BROAD BENEFITS: Health-Related Giving by Private and Community Foundations

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I. Executive Summary

The activities of foundations add to the richness of American life and embody the kindness of our society. In 2008, foundations contributed over \$45 billion in grants to a wide range of causes, with three out of four dollars coming from private and community foundations. In the midst of a deep economic downturn, giving by private and community foundations continued to increase in 2008—filling a gap in charitable and community-oriented activities created as other resources receded.¹

While numerous surveys and studies have analyzed the economic and safety-net value of private and community foundation giving, especially the impact of particular grants, there has been less analysis of the broad topic of who benefits generally from the charitable activities of foundations. This is particularly the case with respect to the question of the extent to which foundation grant making provides benefits to underserved populations, including the economically disadvantaged, racial and ethnic minorities, and other groups.

To date, there has been only limited analysis of this question. A review of past work suggests that additional statistical work would be useful to help develop a full understanding of foundation grant making and the groups that benefit from foundation grants. This study builds on past work conducted by the Foundation Center and others to assess the degree to which health-related giving by community and private foundations benefit those most in need, including the economically disadvantaged, racial and ethnic minorities, and other groups.

¹ Steven Lawrence and Reina Mukai, Foundation Center, "Foundation Growth and Giving Estimates: Current Outlook", March 2009

The study focuses on health-related giving in order to bring a level of specificity to the question of who benefits from grants made by foundations. Grant making in the health field has grown to become the single largest area of foundation giving, and is also an area of foundation activity that can be readily understood by the broader public.

The analysis follows the existing literature by first quantifying grants coded expressly in the Foundation Center's industry-standard database as benefiting underserved populations, including racial and ethnic minorities, the economically disadvantaged, and other groups that can be seen as underserved or vulnerable. The direct evidence shows that 31.4 percent of health-related grant dollars were for the benefit of underserved communities in 2005 to 2007.

"We estimate that 68 percent of healthrelated grant dollars in 2005 to 2007 benefited minorities, the economically disadvantaged, and other underserved groups."

Many grants that provide substantial benefits to underserved populations, however, are not expressly coded as such in the standard database. For example, a grant to a children's hospital on the south side of Chicago (a hospital that specializes in abused, neglected and traumatized children with special programs for diabetes, asthma and sickle cell anemia) is coded as benefiting children generally but not minorities or the economically disadvantaged—even

though virtually every patient of the hospital falls into one or both of these groups. Moreover, nearly half of all health-related grants made in recent years lack beneficiary group coding altogether, and hence the database says nothing about the groups benefiting from these grants.² The lesson is that a lack of explicit coding for underserved populations in the database does not mean that a grant provides no benefits to the underserved. Instead, a more detailed analysis is needed.

This study examines a large sample of healthrelated grants not coded as benefiting underserved groups to assess the extent to which they do, in fact, provide benefits to these groups. Focusing the analysis on health-related grants allows for the ready use of external information sources to connect grants to various possible beneficiary groups—in particular, demographic and geographical information are used to quantify how much of a grant for a healthcare facility in a particular area provides benefits to minority groups, the economically disadvantaged, or other vulnerable or needy groups. The result of this grant-by-grant analysis is that 53.4 percent of the dollar value of the surveyed grants supported minorities and the economically disadvantaged.

"With more than \$7.8 billion of healthrelated foundation giving in 2005 to 2007, the medium estimate means that \$5.5 billion of the giving provides benefits to underserved communities."

In total, the two-step analysis indicates that foundation grant making provides extensive benefits to underserved populations. We estimate that 68 percent of health-related grant dollars in 2005 to 2007 (the most recent three-year period for which data are available) benefited minorities, the economically disadvantaged, and other underserved

² We refer, below, to these grants as "un-coded" in terms of intended beneficiary. The Foundation Center refers to grants that have no recipient population group identified as "unspecified." Lawrence T. McGill et al., The Foundation Center, "Embracing Diversity: Foundation Giving Benefiting California's Communities of Color" (2009).

groups. This result is calculated by combining the 31.4 percent of grant dollars for the broad definition of underserved communities from the direct tabulations of Foundation Center data with the finding that 53.4 percent of dollars in the surveyed grants provides benefits for underserved groups. This gives a result of 68 percent of grant dollars benefiting the underserved—where 68 percent is calculated as $31.4 + (0.534) \times (68.6)$.

This result is obtained from a cautious methodology that is likely to understate the extent to which foundation grants benefit underserved populations. Taking a broader view of underserved populations to include families with slightly higher (but still modest) incomes implies that 75 percent of grant dollars benefit underserved groups. Even taking a narrow view as to who qualifies as economically disadvantaged, we estimate that at least 63 percent of health-related foundation grant dollars benefit underserved populations.

With more than \$7.8 billion of health-related foundation giving in 2005 to 2007,³ the medium estimate means that \$5.5 billion of the giving provides benefits to underserved communities (and nearly \$5 billion in the "low" estimate). One can only conclude from these findings that foundations have played the role expected of them in supporting those in our society who most need help—and have done so in a financially significant way.

³ According to the Foundation Center, its database of grants comprises grants reflecting about 50 percent of all giving by foundations. www.foundationcenter.org/findfunders/statistics/grantsampling.html (last visited June 11, 2009).

II. How to Assess Whether the Activities of Foundations Benefit the Underserved

A key question for the charitable community relates to the various philanthropic priorities of foundations, including the extent to which grant making benefits groups that can be seen as underserved—racial and ethnic minorities, and people who are economically disadvantaged or are otherwise needy. Answering this question requires an analysis of who benefits from grant-making as well as a definition of which groups or communities fit within the targeted category.

While there are some general measures used to identify the economically disadvantaged, there is no single widely-accepted definition of which groups are underserved. Such a definition could include racial and ethnic minorities, the economically disadvantaged, and other vulnerable or needy Some analyses of foundation grant populations. making take a broad view of the subject—some go so far as to include more than half of the population under the rubric of underserved communities. This is the case, for example, if women or the elderly are viewed as underserved regardless their backgrounds or socioeconomic status.

The analysis of this report includes several approaches to assess the activities of foundations in light of the possible communities that could be viewed as underserved. Ethnic and racial minorities and the economically disadvantaged are taken to be underserved, with grants that benefit members of these groups seen as representing a diversity of foundation activity. Other groups that are treated in this analysis as underserved or needy are people with disabilities; victims of crime or abuse; people with terminal illness; people with AIDS; immigrants and refugees; lesbians, gays, bisexuals, transgendered individuals; ex-offenders and current offenders; substance abusers; and single parents. Foundation grants that provide benefits to these populations are counted as being for the benefit of underserved

groups. Note, however, that grants to benefit some populations that are sometimes seen in the context of philanthropy as underserved are not counted as such in this analysis. In particular, grants made for the benefit of women, the elderly, and children are not automatically counted as representing foundation activities for underserved populations. This is not to denigrate or ignore the possible difficulties or inequities faced by these groups. Not counting these groups as necessarily underserved makes the analysis more cautious and has the effect of lowering the numerical results for the share of grant resources going to underserved groups.

Some grants that benefit women, children, or the elderly do, of course, represent resources for underserved communities and these are not ignored. A grant for a children's hospital serving a low-income patient base is clearly one that benefits an underserved population, and is counted as such in the analysis here because it provides benefits to the economically disadvantaged. This is the case as well for grants for organizations and purposes focused on women and the elderly—the philanthropic resources are taken as benefiting the underserved to the extent that they encompass those with low-incomes or ethnic or racial minorities. And only the portion of the grant that provides these benefits to the underserved is so counted. A grant to, say, a community hospital in an affluent area is counted as providing benefits to the underserved only in proportion to the low-income or other underserved populations that might receive care at the hospital in question. The numerical approach in this analysis ensures that foundation grants are not doublecounted when they provide benefits to multiple diverse populations. This is important because many people belong to more than one underserved group for example, the correlation between low-income and ethnic and racial minority status.

GRANT HIGHLIGHT

Many of the grants included in the Foundation Center's sample of 200 financed health promotion activities. For example, the Cleveland Foundation provided a \$74,929 grant to **Catholic Community Care** in 2005. The purpose of the grant was for the implementation of the second phase of a wellness model for older adults, the Catholic Community Care's Abundant Life "Mind Body and Spirit" Wellness Model.

Catholic Community Care is an alliance of Catholic providers of health and human services for older adults and those with chronic conditions in the eight counties of the Diocese of Cleveland. According to its website, Alliance members offer a continuum of services including mission effectiveness, caregiver education, community outreach and group purchasing. Catholic Community Care currently provides some type of service to over 5,000 seniors in a variety of settings.

While the grant is classified in the Foundation Center database as providing support to the elderly with no other beneficiary groups specified, a large portion of a grant to Catholic Community Care likely would accrue to the benefit of underserved populations. Indeed, the population of the greater Cleveland area is 26.4 percent minorities. Moreover, another 14.1 percent of Cleveland area residents are non-minorities with incomes of 200 percent or less of the federal poverty line. Together, then, the medium estimate is that 40.5 percent of the \$74,929 grant would benefit the underserved population of minorities and the economically disadvantaged.

Even with an agreed-to definition of underserved communities, it remains difficult to define what it means for a community to benefit from philanthropy in general. One metric might be whether the grants given by foundations themselves go to activities and initiatives that are active in support of underserved communities. This could include, for example, non-profit endeavors that directly operate in particular communities—e.g., a program to foster skills training or improved health in low-income or predominantly minority neighborhoods. An assessment of the support of foundations for such activities might then include tallying up the numbers of grants and grant dollars allocated to these activities, as has been done in several previous studies.

A wider definition is possible, however, for the participation of foundations in support of underserved communities. This wider definition could include initiatives that touch more broadly upon society but where benefits plainly accrue to underserved communities. A program to foster medical research, for example, might ultimately provide benefits to all of society including underserved groups, and thus might be seen as supporting the latter groups. Or a grant for a hospital

or for public health promotion might serve a mix of groups within a broad geographical region, including both the underserved and others.

There are no easy answers, but only shades of gray. Foundation support for medical research on sickle cell anemia, for example, plainly would be seen as accruing to the benefit of underserved communities, since this ailment is particularly prevalent among African Americans.

The line becomes harder to draw, however, in Medical research on diabetes, for example, benefits the overall population and might not be seen as particularly targeted at underserved communities. But the incidence of diabetes is higher for low-income individuals than for the overall population, and similarly certain minority groups such as African Americans are at elevated risk for diabetes. In this light, foundation support for diabetes research might well be seen as being for the benefit of underserved communities. The same is the case for heart disease and other broad categories of illness. While not all medical research could be seen automatically as providing direct benefits to needy communities, one could conclude that support of research on diabetes, heart disease, and other

ailments is in fact closely connected to improving the lives of minorities, the economically disadvantaged, and other groups. Foundation support for such activities might then be seen as providing support for those most in need.

A further difficulty is then in assessing the extent to which a dollar of support for, say, diabetes research, can be said to benefit those targeted communities. Following the discussion above, is it the full dollar, since advances in diabetes care would be expected to be used for the benefit of all groups, including minorities? Or is the better indicator instead the share of minorities in the population? Or perhaps the share of minorities and other underserved communities in the population but adjusted upward to take into account the greater risk these groups face of suffering from diabetes and thus benefiting from new treatments? Or in measuring the benefits from diabetes research, should one also take into account the fact that the economically disadvantaged have reduced access to health care? And should one take into account the quality of the activity being funded? Some medical research, for instance, may be more likely to lead to immediate clinical benefits than other research.

Since there are no obvious correct answers, the analysis in this paper seeks to provide a range of calculations that shed light on the array of possible answers for how to measure the range of foundation support for underserved communities. As an important related point, the difficulty of assigning a simple numerical answer suggests that it is equally problematic to posit a simple number as a normative target for foundations to meet. And this challenge arises even before confronting difficulties with the data that must inevitably be used for the quantification.

This analysis examines the range of grant making by community and private foundations along a number of dimensions and metrics. As discussed below, limitations of the available data impose important constraints, as has been true for previous studies that have used similar data. This is the case, for example, with respect to an assessment of the impact of foundation activities. Thus, this analysis necessarily focuses on the resources provided by foundations through their grant making activities.

This study focuses on the beneficiaries of foundation activities, including both the intended direct beneficiaries and the direct "incidental" beneficiaries—the latter category being the underserved populations who benefit from grant dollars that go to common community resources such as hospitals, medical research, or health-related public outreach. This careful examination of the direct incidental impacts of foundation activity represents a step beyond most previous analyses.

This question is by nature a difficult issue to address for reasons that include both the practicalities of data as discussed below, and the philosophical questions relating to how to measure the impact and beneficiaries of philanthropic activity; for many philanthropic activities, it is hard to know which group is being covered or which communities are ultimately beneficiaries.

Remaining cognizant of these difficulties, the approach here will be to use the available—and industry-standard—data to assess both the intended direct and direct incidental impacts. This will allow the results of this paper to be directly compared to previous analyses, while providing new and useful information relating to the issue of the diversity of foundation activities. This study does not address the issue of the effectiveness of any particular giving; it is an important point, but simply beyond the reach of the data used here.

III. Literature Survey

This section surveys reports from a number of organizations and vantage points, addressing the issue of the extent to which grant making by independent and community foundations benefits underserved communities.

Issues Regarding Use of Foundation Center Data in Prior Studies

Some prior reports rely heavily on data maintained by the Foundation Center, a nonprofit organization supported by close to 600 foundations. Since 1990, the Foundation Center's grants database has included all grants of \$10,000 or more awarded by approximately 1,000 of the largest private and community foundations, including the top 800 foundations ranked by annual giving. Although the foundations represented in the database constitute less than three percent of the total number of all active foundations, the Foundation Center reports that their giving accounts for about half of the total grant dollars awarded by U.S. foundations each year. In 2007, the database included 150,392 grants awarded by 1,339 foundations, and totaling approximately \$21.65 billion.4

Many foundations report their grants directly to the Foundation Center either through electronic files or grant reporting forms, or by other means. Foundations that report electronically or using the Foundation Center's grant reporting forms typically provide the most comprehensive information, including information on the intended beneficiaries of For non-reporting foundations, the Foundation Center obtains grant information by acquiring the information returns that all private foundations must file with the Internal Revenue Service (Form 990-PF). Grant information taken from Forms 990-PF is typically terse, with little information beyond the grant recipient, recipient location and dollar value. According to the Foundation Center, information on the type of support and the intended beneficiaries frequently cannot be gleaned from the Form 990-PF.⁵

The Foundation Center enters information about the grants in its database. Among other fields, there is a field for the grant's intended beneficiary, which Foundation Center staff fills in when the necessary information is available. Foundation Center staff can code the intended beneficiary field with one or more codes corresponding to certain groups, such as various racial or ethnic minorities, the economically disadvantaged, people with disabilities, people with AIDS, immigrants and refugees, veterans and so on.⁶

The methodology employed in several reports surveyed below is to calculate the number and dollar value of grants coded for certain intended beneficiary groups as a share of the aggregate number and dollar value of all grants. If the "intended beneficiary" code is either entirely blank or not expressly coded for a particular beneficiary group, these reports assume that the grant provided no benefit to the group in question.

There are obvious issues in relying solely upon the "intended beneficiary" codes. Grants might confer substantial or even primary benefits upon members of a given group even though the "intended beneficiary" field may have been left blank or coded in some other fashion. As noted, the Foundation Center states that it obtains only limited information on intended beneficiaries from grants by foundations that do not directly report to the Center, and whose data are obtained from culling through IRS forms. The Foundation Center necessarily must leave the "intended beneficiary" field blank for many grants of non-reporting foundations. This is not a flaw of the Foundation Center; it is simply a reality of the limits to which beneficiaries can be deduced given the time and resource constraints, and the huge number of grants in the database (over 150,000 grants in 2007) with potentially incomplete coding information for

⁴ www.foundationcenter.org/findfunders/statistics/grantsampling.html (last visited June 11, 2009).

⁵ www.foundationcenter.org/findfunders/statistics/grantsampling.html (last visited June 11, 2009).

⁶ www.foundationcenter.org/gainknowledge/grantsclass/ntee gcs.html (last visited June 11, 2009).

beneficiaries. Indeed, an important contribution of the analysis in this study is to assess the beneficiaries for a sample of health-related grants that are not coded as being for the benefit of underserved communities—to examine the extent to which such grants benefits such groups despite the lack of explicit coding to this effect.

In addition, some grants benefit all members of society, such as grants for medical research or environmental protection. Treating grants that benefit everyone in society as though they confer zero benefits upon minorities or other particular groups will understate the value of foundation giving to these groups.

Given the limits of the data, an important point of this study is to note that caution must be taken in using and interpreting data on foundation grants—in particular, in interpreting the <u>absence</u> of certain activity in the available data, such as grants

coded as going to particular groups, as proof that grants are not benefiting those groups. The data are simply not robust enough for this inference.

National Committee for Responsive Philanthropy (2009)

The National Committee for Responsive Philanthropy (NCRP) issued a report that, among other things, sought to measure foundation giving intended to benefit underserved or vulnerable groups. The NCRP report defines "underserved or vulnerable" groups as including the following eleven groups: the economically disadvantaged; racial or ethnic minorities; women and girls; people with AIDS; people with disabilities; the aging, elderly or senior citizens; immigrants and refugees; crime/abuse victims; criminal offenders and ex-offenders; single parents; and gays and lesbians. One implication of this broad definition is that the majority of the population is labeled as underserved.

GRANT HIGHLIGHT

In 2005, the John W. Anderson Foundation provided **La Rabida Children's Hospital** with a grant for \$10,000. Established in 1896, the hospital focuses on treating children with chronic illness—such as asthma, cerebral palsy, diabetes, Down syndrome, and sickle cell disease—developmental disabilities, and those who have been abused or experienced emotional trauma.

La Rabida's self-described mission is to provide comprehensive, interdisciplinary health services to children across a continuum of care, regardless of a family's ability to pay. The hospital website states, "Every year we treat more than 9,000 children, most are Medicaid eligible or have exceeded the lifetime maximum of their family's private insurance." As a private, independent, not-for-profit corporation—the majority of whose patients have medically-complex conditions that require costly, day-after-day management— La Rabida primarily cares for the uninsurable, underinsured and those who rely on public insurance.

According to the hospital's 2008 Annual Report, Medicaid reimbursement represented roughly 90 percent of FY 2008 net patient revenue, and 75 percent is generated by inpatient Medicaid reimbursement alone. Further demographics provided by the hospital indicate that the majority of their patients are minorities: 80 percent African American, 10 percent Caucasian, 6 percent Hispanic, and 4 percent Other.

The grant to La Rabida is coded in the Foundation Center database as serving children and youth, and not providing benefits to minorities or the economically disadvantaged. Closer examination makes it clear that the grant benefits not just youth, but particularly youth who are minorities and economically disadvantaged. For purposes of our analysis, we estimated 100 percent of the grant as providing benefits for underserved populations.

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⁷ Niki Jagpal, National Committee for Responsive Philanthropy, "Criteria for Philanthropy at Its Best: Benchmarks to Assess and Enhance Grantmaker Impact" (2009).

⁸ Ibid., pp. 23 & 29 n.116.

Using Foundation Center data for the years 2004-06, NCRP evaluated the dollar amount of grants for which the intended beneficiary was coded as one or more of the eleven groups identified as underserved or vulnerable.

NCRP found that, in the aggregate, 33.2 percent of all grant dollars were provided for one or more of the eleven underserved or vulnerable groups. According to NCRP, "that means that approximately \$1 out of every \$3 granted by larger foundations was intended to benefit communities with the least wealth, opportunity or power and that \$2 out of every \$3 granted could not be classified as benefiting those communities." NCRP also found that the median proportion of grant dollars intended to benefit vulnerable communities was 20.9 percent for those foundations that made at least one such grant. 10

As noted above, however, relying solely upon the "intended beneficiary" coding in the Foundation Center database will understate the benefits received by certain groups from foundation giving. A particular group may enjoy substantial or even primary benefits from grants even though the group was not coded in the database as the "intended beneficiary." In an appendix to its report, NCRP acknowledges that some grants in the Foundation Center database "may not be properly coded."¹¹

Foundation Center (2008)

The Foundation Center analyzed the extent to which grants by large California foundations serve populations of color. The Foundation Center observed that the nature of the available data has led to undercounting the benefits to ethnic or racial minorities from foundation grant making. According to the Foundation Center, "[t]his is due to the fact that most grant descriptions (the primary data for such analyses) tend to provide high-level descriptions of the target population intended to benefit from

with AIDS, grant making (e.g., people the economically disadvantaged, immigrants and refugees, etc.) that often lack sufficient detail to allow researchers to identify the demographic characteristics of the populations served by a specific grant."13

In its study, the Foundation Center analyzed 6,951 domestically focused grants awarded in 2005 by fifty large independent California foundations to California recipients. Of the 6,951 grants, 20.4 percent were explicitly designated to benefit populations of color. The Foundation Center analyzed whether two categories of additional grants also contained grants that were intended to benefit populations of color although they were not so coded. These two categories were: (1) grants coded as benefiting the economically disadvantaged but not also coded as serving ethnic or racial minority populations (constituting 1,181 grants or 17.0 percent); and (2) grants where the intended beneficiary was not specified (constituting 1,734 grants or 24.9 percent).

The Foundation Center analyzed a sample of 100 grants from each of those two categories to determine whether any of those grants were intended to benefit populations of color despite not being so coded. The Foundation Center found that 64 percent of the grants coded as benefiting the economically disadvantaged (not also coded as benefiting racial or ethnic minorities) and 23 percent of the grants without a specified beneficiary were "in all likelihood, serving mostly populations of color." 14

The Foundation Center did not analyze grants coded as serving groups other than ethnic or racial minorities or the economically disadvantaged, *e.g.*, groups such as people with AIDS, offenders and exoffenders, or immigrants and refugees, among others. These groups are coded as the intended beneficiaries on 24.9 percent of the 6,951 grants. According to the Foundation Center, "[f]urther analyses of these grants would likely reveal that a significant percentage of them were in fact serving primarily ethnic or racial

⁹ Ibid., p. 23.

¹⁰ Ibid.

¹¹ Ibid., p. 108.

¹² Lawrence T. McGill et al., The Foundation Center, "Embracing Diversity: Foundation Giving Benefiting California's Communities of Color" (2008).

¹³ Ibid., p. v.

¹⁴ Ibid., p. 9.

minority populations."¹⁵ Compared to that of NCRP, the focus of the Foundation Center report is on a narrower set of groups—minorities and the economically disadvantaged—rather than on the broader definition of underserved communities used by NCRP.

Based on its analyses, the Foundation Center concluded that at least 39 percent of domestically focused grants from 100 large California foundations to California recipients in 2005 were grants that served primarily ethnic or racial minorities, and that these grants represented at least 33 percent of the total dollars. As to the remaining 61 percent of grants, the Foundation Center emphasized that no conclusions could be made regarding the degree to which they benefited ethnic or racial minorities, and it should not be assumed that they did not benefit such groups:

To be clear, it should not be inferred from this that the remaining 61 percent of [domestically focused] grants benefit white populations only. All that can be said about these grants is that we do not have specific information about the ethnic or racial characteristics of the populations they are intended to serve. Many, in fact, may not be to serve specific targeted populations at all; rather, they may be intended to support such activities as scientific research, environmental preservation, and the like. And to the extent that some of these grants are intended to benefit the 'general public,' they may benefit Californians of all ethnic or racial backgrounds. 17

The Race & Equity in Philanthropy Group (2007)

The Race & Equity in Philanthropy Group, a group comprised of six large foundations, conducted a qualitative study of philanthropy practices with

respect to race, inclusion and equity.¹⁸ The group issued a report that, among other things, identified a number of complex issues that arise when considering the nature of philanthropy in relation to communities of color. Fundamentally, the report observed that "[d]ata regarding race and ethnic composition of grantees [are] not always available or specifically traced."¹⁹ The report notes that there is no consistency in collecting or reporting data regarding grants to communities of color or to organizations led by and serving communities of color.²⁰ As discussed above, this problem occurs in reports that rely on the coding system in the Foundation Center database.

In addition to inconsistent data, the report noted that "[t]here is no consistent use of methodology to assess funding to and impact on communities of color."²¹ The report notes that it has been easier instead for researchers to focus on grantee organizations — defining organizations of color as those that meet certain characteristics (such as the ethnic or racial characteristics of a recipient organizations' leadership), and then measuring the quantity of dollars flowing to these organizations.²² This approach is different, however, from measuring the impact of foundation giving on communities of color.²³

Asian Americans/Pacific Islanders in Philanthropy (2006)

Using Foundation Center data, Asian Americans/Pacific Islanders in Philanthropy (AAPI) reported that 0.4 percent of total foundation giving in 2004, and 0.7 percent of the total number of grants, went to Asian American and Pacific Islander communities.²⁴ Since 1992, the percentage varied from a low of 0.2 percent in 1992 to a high of 0.6

¹⁵ Ibid.

¹⁶ Ibid., pp. v & 9.

¹⁷ Ibid., pp. vii & 9.

¹⁸ The Face & Equity in Philanthropy Group, "Profiles in Foundation Giving to Communities of Color" (2007).

¹⁹ Ibid., p. 7.

²⁰ Ibid., pp. 7 & 14.

²¹ Ibid., p. 7.

²² Ibid., p. 14.

²³ The Greenlining Institute follows that approach, as its studies strictly measured grants and grant dollars to "minority-led" organizations, and did not undertake to measure benefits to communities of color given to organizations that are not "minority-led."

²⁴ Asian Americans/Pacific Islanders in Philanthropy, "Giving to Asian Pacific American Communities" (2006), p. 1.

percent in 2002, while, according to AAPI, Asian Pacific Americans signify about 4 percent of the total U.S. population.²⁵ As noted above, however, relying solely upon the "intended beneficiary" coding in the Foundation Center database likely understates the benefits received by Asian Americans and Pacific Islanders from foundation giving.

Native Americans in Philanthropy (2005)

Using Foundation Center data, Native Americans in Philanthropy (NAP) reported that foundation giving to Native American causes and concerns constituted 0.279 percent of total aggregate giving for the three-year period 2000-2002. AAP further reported that this percentage is essentially unchanged from the 0.270 percentage share for the three-year period 1989-1991.

Under NAP's methodology, a grant was deemed to be for a Native American cause or concern if Native Americans were coded as the intended beneficiaries of the grant, or if the grant was identified by the Foundation Center using a keyword search (of which "Native Americans" was one of the terms searched).²⁸ Identifying grants in this manner will overlook grants that benefit Native Americans or Native American causes or concerns. observed, "'small' grants, grants from smaller foundations, grants from tribes philanthropies, gifts from individual philanthropists, and foundation grants that serve Native causes and concerns among many others (which makes it impossible to identify the funds flowing exclusively to Native America) are excluded from the analyses of this paper."²⁹

Applied Research Center (2004)

Using Foundation Center data, the Applied Research Center (ARC) studied foundation giving to

communities of color.³⁰ Defining "communities of color" to consist of African-Americans, Latinos, Asian American/Pacific Islanders, Native Americans and immigrants and refugees, ARC compared the dollar amounts of grants in the Foundation Center database coded with an intended beneficiary group of a community of color, to the aggregate dollar amount of all grants in the database. ARC noted that the Foundation Center database "presents challenges for estimating giving to communities of color or to racial justice work."31 For example, ARC pointed out that a grant to a homeless shelter in a predominantly African American community that does not explicitly state African Americans as a target population for its services would not be counted as funding to a community of color.³²

Based on the Foundation Center data, ARC found that in 2001, seven percent of foundation giving went to communities of color, down from ten percent in 1998.³³ ARC also found that from 1994 to 2001, grant dollars (from foundations that report data to the Foundation Center) increased by 63 percent to \$16.8 billion, while grants designated to communities of color increased by 55 percent.³⁴ ARC also reported that in 2000 and 2001, funding explicitly for African Americans was 1.4 percent of total foundation giving, whereas such funding was 2.0 to 3.8 percent of total foundation giving between 1994 and 1999; Asian American/Pacific Islander communities received between 0.3 and 0.5 percent of total grant dollars between 1994 and 2001; Latino-focused organizations received 2.1 percent of total giving in 2001, and an average of 1.48 percent between 1994 and 2001; Native Americans received 0.5 percent of total foundation giving in 2000 and 2001, and between 1994 and 1999 received amounts ranging from 0.5 to 0.9 percent.³⁵

As noted above, relying solely upon the "intended beneficiary" coding in the Foundation Center database will understate the benefits received

²⁵ Ibid., pp. 1-2.

²⁶ Native Americans in Philanthropy, "Large Foundations' Grant making to Native America" (2005), pp. 2-4.

²⁷ Ibid.

²⁸ Ibid., p. 1.

²⁹ Ibid.

³⁰ Will Pittz et al., Applied Research Center, "Short Changed: Foundation Giving and Communities of Color" (2004).

³¹ Ibid., p. 3.

³² Ibid.

³³ Ibid., p. 4.

³⁴ Ibid.

³⁵ Ibid., p. 5.

GRANT HIGHLIGHT

The **Eisner Pediatric and Family Medical Center**, a non-profit community health center, was the beneficiary of a \$1 million grant from the Annenberg Foundation in 2006. The purpose of the grant was to help finance the costs of a large-scale facility expansion and enhancement project to provide more patients with a variety of medical and social service programs. According to the Annenberg Foundation's website,

The Center embarked on a \$9.6-million facilities expansion project, which enabled the enhancement and expansion of services to children and families. The new and expanded facilities increased the capacity of the pediatric and adult clinics, permitting the accommodation of an additional 17,800 pediatric and 17,000 adult visits per year, as well as bringing numerous other improvements."

The stated goal of the expansion was to decrease the amount of wait time for patients, thereby ensuring that the many low-income patients served by the facility can be treated more promptly, and ultimately allowing for a greater volume of patients to be treated.

The Foundation Center's coding of the center indicates that the grant would be directed at children and youth (category A2 in the Foundation Center taxonomy). This categorization is accurate but incomplete. Indeed, the Pediatric and Family Medical Center website provides statistics of their core patient population that demonstrate that approximately 85 percent of the center's patients are below 100 percent of the poverty level, and 92 percent of their patients are Latino.

Thus, one could surmise that though the Eisner Pediatric and Family Medical Center provides a wide range of medical and preventive programs, the organization provides care primarily to under-privileged, minority youth. For purposes of our study, we counted 100 percent of the \$1 million grant to the Eisner Center as providing support to underserved communities.

by communities of color from foundation giving (e.g., as ARC described, the homeless shelter located in an African American community).

Summary of Literature Overview

The analyses discussed above share a common theme in evincing concern over the extent to which the activities of foundations provide benefits for minorities, the economically disadvantaged, and other underserved groups within the United States. Another common element of the analyses, however, is the difficulty of marshalling quantitative evidence to shed light on the issue. The most commonly used

data—the data collected by the Foundation Center—are helpful but by themselves not sufficient to draw strong conclusions, most notably because of inevitable gaps in the coding of individual grants. Indeed, this was stated plainly by the Foundation Center itself in its study of giving by California-based foundations—that additional work must be undertaken to delve into the grant-level details of the activities of foundations to have a hope of assessing the characteristics of the beneficiaries of foundation giving. This is the focus of the analysis in this report as discussed in the following section.

IV. Empirical methodology to assess the beneficiaries of health-related foundation giving

This section sets out the methodology used to assess the beneficiaries of domestic-focused health-related foundation activities. The analysis proceeds in two stages:

- 1. Tabulations are performed on Foundation Center data on the beneficiaries of healthrelated foundation grants to quantify the direct intended impacts of grant-giving on underserved groups. In this step, analysis is done on an aggregate basis for health-related grants with "Intended Beneficiary/Population Group" codes corresponding to a group defined underserved. For purposes of this stage of the analysis, the following were treated underserved groups: racial and ethnic minorities; the economically disadvantaged; people with disabilities; victims of crime or abuse; people with terminal illness; people with AIDS; immigrants and refugees; lesbians, gays, transgendered bisexuals, individuals; offenders and current offenders; substance abusers; and single parents. These categories correspond to "Intended Beneficiary/Population Group" codes used by the Foundation Center. This stage of the analysis thus quantifies healthrelated grants that are explicitly coded as having intended beneficiaries of underserved populations.
- 2. A sample of 200 grants that are coded as health-related, but not coded explicitly as benefiting one of the underserved groups identified above, is examined in detail to calculate the degree to which these grants provide benefits to underserved groups. The grant-level data for 200 health-related grants were randomly selected by the Foundation Center. The grant-by-grant review is then used to calculate the benefits to underserved populations from grants not explicitly coded as serving such groups. For example, if a grant is given to a hospital, outside information is used regarding the demographic and socio-economic characteristics of the population served by the

hospital to determine the portion of the population that falls within an underserved group, such as a racial or ethnic minority or the economically disadvantaged. This information is then used to impute the part of the grant dollars that benefits underserved groups. approaches are taken for this imputation, in recognition of the difficulties—both technical and philosophical—in determining the extent to which underserved groups benefit from a particular activity funded by a private or community foundation. In general, due to data limitations, this imputation was limited to measuring the extent to which grants benefited the economically disadvantaged and racial and ethnic minorities, and not other underserved groups.

As noted, the analysis was conducted on domestically-focused grants (as determined by the Foundation Center) that were coded as health-related. Grants in the Foundation Center can be coded for Field/Subject of Activity, and there are four health-related activity codes:

- Health General & Rehabilitative Services (E)
- Mental Health, Crisis Intervention (F)
- Health Multipurpose, Associations/Services
 Associated with Specific Diseases/Disorders/
 Medical Disciplines (G)
- Medical Research (H)

All grants within these health-related grants are considered in the analysis.

A narrow definition of underserved communities is also examined, which includes grants benefiting racial and ethnic minorities and the economically disadvantaged but not the other groups. Not surprisingly, there is considerable overlap among some groups—for example, some grants are coded as benefiting two or more groups. In all cases the analysis is done in a way that ensures that grants are not double-counted.

The groups used in the definition of underserved communities are the same as those used in other analyses, such as the aforementioned NCRP study. The broadest definition of underserved communities used in the NCRP study includes all of the groups above, in addition to the categories of women and girls, and the elderly—meaning that more than half of the population is included in the NCRP definition of underserved groups. Our central result uses the somewhat narrower definition of underserved populations that does not include women and the elderly *per se*—though again, people

in these groups are included to the extent that they are also within a category such as the economically disadvantaged or racial/ethnic minorities. The even narrower definition of underserved communities that includes only racial and ethnic minorities and the economically disadvantaged is along the lines of the approach taken by the Foundation Center in their "Embracing Diversity" analysis of grant-making by California foundations.

V. Empirical results

The direct impacts of grants are first tabulated from data on all health-related grants, and then combined with results from the detailed examination of a sample of 200 grants that are not explicitly coded as being for the benefit of underserved communities.

Direct evidence on the beneficiaries of foundation giving

Table 1 presents results from tabulations of health-related grants in the Foundation Center data. Only domestically-focused grants are included, and the data are broken out into a set of four three-year periods (1996-98, 1999-2001, 2002-04, and 2005-07). These three-year periods are used to smooth over year-to-year fluctuations in grant making that might reflect the unevenness of large grants given in a particular year. The table provides information on both the number of grants and on the dollar values of grants, for both definitions of underserved groups considered here (the broad definition of underserved groups³⁶, and the narrower one with only minorities and the economically disadvantaged).

Table 1 shows that about 40 percent of health-related domestic grants are explicitly coded in the Foundation Center database as being for the benefit of underserved groups broadly defined—with the number rising to nearly 42 percent of grants in 2005 to 2007 from about 38 percent of grants in 1996 to 1998. These grants involved 31.4 percent of total health-related dollars granted by foundations in the most recent three year period from 2005 to 2007, up from 29.7 percent of grant dollars in 1996 to 1998. These are out of over 50,000 health-related grants in 2005 to 2007, involving nearly \$8 billion in total.

Table 2 shows data on all domestically-focused foundation grants, not just those for health-related purposes. Comparing the results for all grants with those for health-related grants, one can see that the 50,223 health-related grants in 2005 to 2007 were over 13 percent of total grants, and the \$7.9 billion in giving was 17.4 percent of grant dollars. Compared to all grants, health-related grants therefore tend to be larger on average (since the share of dollars for health-related purposes is greater than the share of health-related grants).

If one looks only at the direct intended beneficiaries of grants explicitly coded in the industry-standard database of the Foundation Center, it appears that less than one out of three foundation dollars given for health-related purposes benefit even a broad definition of underserved populations. This is

³⁶ As noted, this definition of underserved groups includes racial and ethnic minorities; the economically disadvantaged; people with disabilities; victims of crime or abuse; people with terminal illness; people with AIDS; immigrants and refugees; lesbians, gays, bisexuals, transgendered; ex-offenders and current offenders; substance abusers; and single parents.

the result of assuming that a grant that is not explicitly coded as providing benefits for underserved populations does not offer any such benefits—in effect, assuming that the absence of information is informative. Under this standard, two out of three foundation grant dollars do not benefit underserved populations. The careful examination of individual grants in the next section reveals that in fact more than two of three health-related dollars are for the benefit of the underserved populations—even though not so coded in the database. This is shown in the next section.

Looking back in Table 1 at a narrower definition of underserved groups that includes only racial and ethnic minorities and the economically disadvantaged indicates that 21 percent of healthrelated grants in 2005 to 2007 were coded as being for the benefit of these groups, corresponding to 17.5 percent of dollars of grant funding. These figures are both slightly less than is the case for all grants in Table 2 (not just health-related grants), where 24 percent of grants and 19 percent of dollars are coded as benefiting minorities and the economically disadvantaged.

Grants directed to benefit people with disabilities is the main difference between the broader and narrower definitions—a relatively large portion of health-related grants are for the benefit of people with disabilities (nearly 15 percent of grants and nearly 10 percent of dollars), but a much lower portion of overall grants are directed to people with disabilities. Including people with disabilities in the definition of underserved groups thus has an important impact on the quantitative results for the grants that have direct coding.

What is most striking, however, is that there is no beneficiary coding at all on nearly 40 percent of health-related grants, accounting for nearly 50 percent of grant dollars in health. These grants have coding for the area of activity—the type of health grant, whether to support research or policy etc.—but not for the beneficiary. This is not because the grants do not support anyone—the absence of coding is missing data to be filled in by the careful assessment discussed in the next section.

Children are coded as a beneficiary in over 21 percent of health-related grants and 20 percent of grant dollars, while 10 percent of grants and 7 percent of dollars include women as a coded beneficiary, and another 5 percent of both grants and grant dollars in health are explicitly coded as being for the benefit of the elderly. Some grants are coded as benefiting multiple groups, in which case, grants to women, children, or the elderly would be included in the measures of the underserved at the top of Table 1 (for instance, coded beneficiaries could include both the economically disadvantaged and children).

When there is no explicit coding, however, simply taking the Foundation Center data as indicative is misleading—instead, the detailed analysis must be performed on each grant. The boxes in this report illustrate this for several of the 200 grants. examining the 200 individual grants, some are coded as being for the benefit of one or more groups but not for an underserved group. For example, a grant could be coded as being for the benefit of children, but examination of the grant shows that some or all of the foundation giving benefits underserved groups. In the case of grants without any coding—again, nearly 40 percent of health-related grants and nearly 50 percent of grant dollars—this grant-by-grant analysis is essential for developing a meaningful measure of the diversity of foundation activity.

In sum, the direct evidence shows that 31.4 percent of health-related grant dollars were for the benefit of underserved communities in 2005 to 2007. Another 49.4 percent of grant dollars had no coding at all as to their beneficiaries, while the balance of 19.2 percent of the 50,223 health-related grants in those three years had coding for beneficiaries but not underserved groups. The grant-by-grant analysis looks at both grant dollars with no coding (the 49.4 percent) and grant dollars with coding but not the underserved (the 19.2 percent) to assess the extent to which these charitable resources did in fact benefit underserved populations.

Evidence on the beneficiaries of foundation giving from grants that are not explicitly coded as providing explicit benefits to underserved communities

This section discusses the grant-by-grant approach. The empirical approach was to examine a sample of 200 randomly-selected health-related grants to determine the extent to which each grant benefited underserved communities. The 200 grants were randomly selected by the Foundation Center, and were drawn from the pool of grants that did not have coding for a beneficiary in any of the underserved populations. Thus one of the 200 random grants could be coded as having children as a beneficiary, but not coded as both children and minority groups. If a grant had been coded as benefiting a minority group, then the grant would already have been included in the calculations of direct grant support in Table 1 and thus would not be in the random sample.

The grant-level data from the Foundation Center include information on the foundation providing the grant, the name and location of the recipient organization, and in many (but not all) cases, information about the type of activity being supported by the grant. A grant to a hospital, for example, might be specified as being in support of a particular pediatric clinic. In some cases, we were able to find precise information about the activity being supported through the internet web site of the recipient organization. This allowed us to directly assess the degree to which the grant provided benefits for underserved populations.

Many grants, however, provide benefits to broad segments of society rather than to particular groups such as grants to a community hospital and certain grants for public health advocacy or medical research. A grant to a hospital, for example, would not necessarily be targeted at any group but instead at all patients of the hospital. Unless there were reasons to do otherwise, we treated such grants as

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Grants to organizations dedicated to fighting particular diseases through medical research, education and advocacy made up a significant portion of the 200 sample grants we reviewed. Three examples—grants to the Juvenile Diabetes Research Foundation, the Arthritis Foundation, and the American Heart Association—provide an illustration of the challenges in determining who benefits from grants of this type.

In 2005, the **Juvenile Diabetes Research Foundation (JDRF)** received a \$36,650 grant from the Community Foundation of Greater Atlanta. JDRF states that its mission is to find a cure for diabetes and its complications — which may include kidney failure, blindness, heart disease, stroke, and amputation—through the support of research.

JDRF's approach to combating type 1 diabetes is multidisciplinary. JDRF states that it brings together diabetes researchers from both academic institutions and industry to find a cure for type 1 diabetes and its various complications. JDRF also finances advocacy. Its website cites a *Time* magazine article calling JDRF "one of the nation's most forceful disease advocacy groups".

In analyzing this grant, we relied upon national demographic data regarding children under age 18, both the share of minorities among American children and the percentage of children in families with incomes below 100, 200, and 300 percent of the federal poverty line. The use of the national data reflects that fact that research on juvenile diabetes will benefit all children, not just those in a particular location. Because type 1 diabetes is more common among white children, in conducting our analysis, we assumed that a child in an ethnic or racial minority was only half as likely as a white child to receive a benefit from this grant, even though progress made in type 1 diabetes research can often benefit patients with type 2 diabetes. This combination of medical and demographic information leads to a medium estimate that 36.4 percent of the \$36,650 grant can be counted as benefits to underserved groups.

(Continued on page 16)

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A grant by the Stephen and Mary Birch Foundation in 2006 provided \$40,000 to the **Arthritis Foundation**. The Arthritis Foundation maintains that it is the largest private, not-for-profit contributor to arthritis research in the world, funding more than \$380 million in research grants since its inception in 1948. Like JDRF, the foundation's method of fighting the disease is multidisciplinary—its website states that its primary activities include providing public health education; pursuing public policy and legislation; and conducting evidence-based programs to improve the quality of life for those living with arthritis.

This grant was analyzed as providing benefits to the entire U.S. population, with underserved groups benefiting in proportion to their share of the population. The central estimate for the sum of both minorities and the economically disadvantaged is 48.9 percent of the grant dollars being for the benefit of these underserved groups.

Finally, the Foundation Center sample included a \$25,000 grant from The Hamill Foundation to the American Heart Association (AHA) in 2005 for general program support of the Association's Houston/Gulf Coast District Office. The grantee, the Houston/Gulf Coast District Office of the AHA, conducts educational and health promotion activities relating to cardiovascular disease and stroke in the Houston/Gulf Coast region.

To determine the grants beneficiaries, we used demographic information for the Houston metropolitan statistical area to quantify the extent to which the grant provided benefits for racial and ethnic minorities and the economically disadvantaged. The resulting medium estimate was that 63.4 percent of the \$25,000 grant was for the benefit of underserved groups. This reflects the fact that 56.4 percent of the Houston area population is a member of a racial or ethnic minority, while another 7 percent are non-minorities with incomes of 200 percent or less of the federal poverty line.

benefiting racial and ethnic minorities and the economically disadvantaged in the same proportion as their representation in the population in the relevant geographic area (e.g., city, county, metropolitan statistical area, United States as a whole). A grant to a community health clinic in an affluent area of Florida that had a population with relatively few racial and ethnic minorities was thus taken as providing little benefit to underserved groups. This is a cautious approach, since it is likely that a community health clinic provides relatively more care to the less advantaged segments within the community. In this particular case, however, we were unable to find precise information to justify this conclusion, and thus assumed that nearly all of the benefits of the grant went to groups that were not underserved.

Some of the 200 random grants are to support activities that are best seen as providing benefits to the entire U.S. population. This would

include philanthropic support for medical research or for efforts aimed at raising national awareness and educational levels or affecting public policy on health matters. For these "national" grants, we used demographic information for the United States as a whole to calculate the portion of each grant that can be counted as benefiting minority groups or the economically disadvantaged.

Accordingly, for analyses of grants that benefit broad segments of society, we did not attempt to apportion any part of the grants to the other categories of underserved groups—to victims of abuse, the disabled, people with terminal illness, people with AIDS and others. This again means that our computations are cautious and that the amount of support we calculate for underserved communities is likely to be a lower bound.

There is no single definition of "economically disadvantaged." As a result, we used 100, 200 and 300 percent of the federal poverty level as three

separate income thresholds for being economically disadvantaged. In many of the 200 individual grants, this means that we calculated three separate estimates of the underserved population—low, medium and high estimates.

Three hundred percent of the poverty line is a reasonable proxy for those who are economically disadvantaged vis-à-vis health care. Researchers have found that Americans below 300 percent of the poverty line are nearly as likely as those below the poverty line to lack a regular source of care (25.3 percent versus 27.4 percent).³⁷ "Regular source of care" is a commonly used measure of access to care. Lacking a regular source of care is associated with a greater likelihood of not receiving preventive care, poorer treatment of chronic and acute health conditions, and increased delays in care.³⁸

In analyzing grants that benefit society broadly, we used three separate data sources to compute the share of the population that are minorities and/or economically disadvantaged (under the three thresholds). We used the 2005-07 American Community Survey 3-Year Estimates of the United States Census Bureau to determine the percentage of ethnic and racial minorities in a given geographic area, as well as to obtain information about the percentage of population below 100 percent of the federal poverty line. That data set, however, does not contain data for every geographic area. For instance, many counties are not included, and there is also no information in the American Community Survey regarding individuals below 200 and 300 percent of the federal poverty line.

To obtain information about individuals in a given geographic area below 200 percent of the poverty line, and for geographic areas not included in the 2005-07 American Community Survey 3-Year Estimates, we relied upon data from the 2000 Decennial Census. The 2000 Decennial Census data, however, does not include data on individuals below 300 percent of the federal poverty line. For that information, we relied upon 2007 data from the

Detailed information on each of the 200 grants analyzed is available on request. Throughout this study, specific grants are highlighted to illustrate that they typically do in fact provide benefits to underserved populations even when not so coded in the Foundation Center database, illustrating the importance of the grant-by-grant analysis in getting an accurate understanding.

The results of this grant-by-grant analysis are that the percentages of dollars out of the 200 random grants that support minorities and the economically disadvantaged are as follows (these figures are in addition to the direct grant support noted above that are expressly coded in the Foundation Center database as benefiting underserved groups):

- Low estimate: 46.9 percent of grant funds
- Medium estimate: 53.4 percent of grant funds
- High estimate: 64.1 percent of grant funds

These are the share of the grant dollars out of the random sample of 200 grants that benefit minorities and the economically disadvantaged. As previously noted, the low-medium-high categories correspond to definitions of economically disadvantaged with 100, 200, and 300 percent of the federal poverty limit.

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Current Population Survey, a joint project of the Department of Labor Bureau of Labor Statistics and the Census Bureau, which contains data on individuals below 300 percent of the poverty line on a national basis only. The Current Population Survey was our only source of data regarding individuals below 300 percent of the poverty line. This means that the "high" estimates for the portion of grant dollars that provide benefits to underserved groups has less detailed information because it is based on national data. In contrast, the "low" and "medium" estimates are based on relatively recent and location-specific estimates of the populations in the areas served by grant recipients.

³⁷ Leiyu Shi and Gregory Stevens, *Vulnerable Populations in the United States* (John Wiley & Sons, 2004), p. 107.

³⁸ Ibid., p. 86.

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The largest of the 200 grants in the random sample provided by the Foundation Center was a \$10 million grant from the Robert Wood Johnson Foundation to the **University of Medicine and Dentistry of New Jersey**. This single grant accounts for slightly over 30 percent of the total dollar value of the 200 grants. (The second largest grant in the sample was for \$2.5 million).

The purpose of the grant was for general operating support of the Child Health Institute of New Jersey. According to the University's website, the Institute is devoted to pediatric research and clinical for children throughout New Jersey. The 150,000 square foot facility anchors the medical campus of Robert Wood Johnson University Hospital, and houses both a research facility and a pediatric treatment clinic.

In the Foundation Center database, this grant is coded with children and youth (A2) as the intended beneficiary. In light of the activities of the grant recipient and the demographics of children in New Jersey, an analysis that takes the Foundation Center coding as the final word on who benefits would have been incomplete.

We treated the grant as benefiting all racial and ethnic groups proportionally and we relied upon demographic data for New Jersey children under age 18. Census data indicate that 44.3 percent of children under age 18 in New Jersey are members of minority groups, and that 13.2 percent of non-Hispanic white children under age 18 are in households with incomes below 200 percent of the federal poverty line. Together, these figures indicate that the medium estimate for the share of the grant that benefits underserved populations is 51.6 percent. By way of comparison, this result is below our overall average of 53.4 percent for all 200 sampled grants.

The analysis then combines these three estimates from the grant-level analysis together with the aggregate figures from the Foundation Center to arrive at the sum total of foundation grants that benefit underserved communities.

For the medium estimate, 68 percent of health-related grant dollars provides benefits to underserved groups, including minorities, the economically disadvantaged, and other groups such as people with disabilities, abuse and crime victims and others identified in footnote 36. This medium estimate uses 200 percent of the federal poverty line as the measure of being economically disadvantaged. This result is calculated by combining the 31.4 percent of grant dollars for the broad definition of underserved communities from the direct tabulations of Foundation Center data, with the finding that 53.4 percent of the dollars in the 200 random grants provides benefits for underserved groups:

Medium estimate =
$$(31.4) + (0.534) \times (68.6) = 68.0$$

Similarly, the low estimate is that 63.6 percent of health-related foundation grants benefit underserved groups, calculated as:

Low estimate =
$$(31.4) + (0.469) \times (68.6) = 63.6$$

And likewise, the high estimate is 75.4 percent, calculated as:

High estimate =
$$(31.4) + (0.641) \times (68.6) = 75.4$$

These are reasonable and realistic results that reflect the fact that substantial foundation support goes to institutions and programs that serve diverse communities, including significant populations of underserved groups.

With more than \$7.8 billion of health-related foundation giving in 2005 to 2007, the medium estimate means that \$5.5 billion of the health-related giving provides benefits to underserved communities (and nearly \$5 billion in the "low" estimate). One can only conclude from these findings that foundations are playing the role expected of them in supporting those in our society who most need help—and are doing so in a financially significant way.

VI. Conclusions

This study takes a careful look at the financial support given by foundations to underserved communities. The analysis provides robust evidence that foundations financed \$5 billion or more in health-related grants in 2005 to 2007 targeted at a wide range of underserved groups, notably including racial and ethnic minorities and the economically disadvantaged.

This conclusion is reached by analyzing industry-standard data on grant making compiled by the Foundation Center. The analysis accounts for the fact that the coding in the Foundation Center database does not reflect the comprehensive impact of foundation giving. We go beyond the coding to look directly at a large sample of grants, and find that many grants that do in fact provide important benefits for underserved groups are not coded to reflect this. The absence of information applies to a

wide range of institutions and programs supported by foundation giving—from a children's hospital and a pediatric clinic that are entirely focused on those most in need, to support for community hospitals and research programs that provide broad benefits for society, including both the relatively comfortable and those who are not.

The results of our grant-by-grant analysis highlight the importance of doing such an analysis. We demonstrate that it is incorrect to assume that an absence of express coding of underserved beneficiaries of grants means that the grant helps only those not in need. Instead, the full range of foundation activities must be kept in mind in order to appreciate the full diversity of grant making and the impact of charitable giving by foundations.

Table 1: Health-related Grants

	Share of Number of Grants (%)				Sha	Share of Grant Dollars (%)			
Intended Beneficiary, as coded	1996-98	1999-01	2002-04	2005-07	1996-98	1999-01	2002-04	2005-07	
Underserved groups	37.6	40.3	42.7	41.9	29.7	31.1	35.0	31.4	
Minorities and economically disadvantaged	14.6	17.6	21.0	21.0	14.5	15.1	21.2	17.5	
Economically disadvantaged	11.5	14.3	17.0	17.4	11.5	12.7	18.3	14.6	
Minorities	6.3	7.1	8.9	8.1	6.7	6.5	8.3	7.1	
People with Disabilities	15.2	15.4	15.2	14.8	10.9	12.6	9.5	9.3	
Women	10.6	10.2	10.4	10.0	8.3	7.0	8.7	7.2	
Elderly/Seniors	7.7	6.6	6.5	5.2	7.5	7.4	5.7	5.4	
Children	20.2	20.9	21.7	21.7	21.0	22.2	19.5	20.0	
Men	1.3	1.5	1.5	1.4	1.3	1.1	1.0	0.8	
Un-coded	43.7	40.6	38.6	39.4	49.8	46.5	48.1	49.4	
Number (left) or Dollars (right, \$mn) of Grants	30,781	39,253	42,043	50,223	\$3,678	\$6,608	\$6,273	\$7,859	

Table 2: All Domestic Grants (not just health)

	Share of Number of Grants (%)				Sh	Share of Grant Dollars (%)			
Intended Beneficiary, as coded	1996-98	1999-01	2002-04	2005-07	1996-98	1999-01	2002-04	2005-07	
Underserved groups	26.6	28.8	31.1	32.4	22.1	22.2	24.0	24.2	
Minorities and economically disadvantaged	19.1	21.0	23.2	24.2	17.2	16.7	18.8	19.0	
Economically disadvantaged	13.1	15.4	17.8	19.3	11.4	12.5	14.7	15.1	
Minorities	10.0	10.0	10.5	10.4	9.5	8.0	8.2	8.5	
People with Disabilities	4.9	5.1	5.3	5.5	3.5	4.0	3.4	3.4	
Women	6.4	6.4	6.4	6.4	5.3	4.9	4.7	4.3	
Elderly/Seniors	2.4	2.5	2.5	2.4	2.1	2.3	1.9	2.0	
Children	18.1	19.3	20.7	21.2	15.8	16.0	16.0	16.5	
Men	2.3	2.3	2.3	2.3	1.9	1.8	1.6	1.6	
Un-coded	58.4	55.8	53.3	52.5	64.8	64.2	63.7	63.4	
Number (left) or Dollars (right, \$mn) of Grants	236,723	320,830	342,433	383,813	\$22,137	\$37,125	\$38,511	\$45,110	

About the Author

Phillip L. Swagel. Dr. Swagel was Assistant Secretary for Economic Policy at the Treasury Department from December 2006 to January 2009. In that position, he advised Treasury Secretary Henry Paulson on all aspects of economic policy, including current and prospective macroeconomic developments; the development of housing and foreclosure avoidance policies; financial markets; and other policies including health care, pensions, Social Security, Medicare, insurance, energy, environment, patent reform, homeland security, and financial markets. Mr. Swagel was previously a resident scholar at the American Enterprise Institute, chief of staff and senior economist at the White House Council of Economic Advisers under President Clinton and President Bush, and an economist at the Federal Reserve Board and the International Monetary Fund. He has taught courses on macroeconomics, banking and financial markets, and international economics at Northwestern University and the University of Chicago Booth School of Business. Dr. Swagel will teach at Georgetown University's McDonough School of Business starting in the fall of 2009. His work has appeared in leading academic journals and the popular press; he is a regular commentator on economic issues on television and radio and in newspapers and magazines. Dr. Swagel received a bachelor's degree in economics magna cum laude from Princeton University in 1987. He earned a master's degree in 1990 and a PhD in 1993, both in economics from Harvard University.