

Indiana Gives 2004

Charitable Giving in Indiana

A report prepared by



with support from the
Indiana Grantmakers Alliance and
in-kind contributions from the
Indiana Chamber of Commerce

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This report follows a format developed with the Giving USA Foundation for *Giving Memphis 2003*.

Every culture depends on philanthropy and nonprofit organizations to provide essential elements of a civil society. Effective philanthropy and nonprofit management are instrumental in creating and maintaining public confidence in the philanthropic traditions--voluntary association, voluntary giving, and voluntary action. The Center on Philanthropy at Indiana University increases the understanding of philanthropy and improves its practice through programs in research, teaching, public service, and public affairs.

The Center on Philanthropy at Indiana University is a part of the IU School of Liberal Arts at Indiana University-Purdue University Indianapolis. The Center has academic and research programs on the IUPUI and the IU-Bloomington campuses.

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Dear Fellow Hoosier:

The Center on Philanthropy at Indiana University is fortunate to be located in a state remarkable for its philanthropy and for its communities. In part as a gesture of gratitude for the institutional and individual support from Hoosiers for the Center on Philanthropy, we offer this report, *Indiana Gives*, every four years.

This edition, the research for which was conducted in 2004, is the first-ever simultaneous statewide look at giving in Indiana by individuals, foundations, and corporations for the same period (calendar year 2003). We based this research on work we did for *Giving Memphis 2003* on behalf of the Giving USA Foundation.

There are a few surprises in the following pages. Most notable is the extent to which we in Indiana support human service agencies, compared with the rest of the country. We are also more generous donors to United Ways and related combined giving campaigns. In comparison to national trends, Hoosier households give a slightly lower percentage of their total contributions to religion, and the giving to education is more from foundations than from households.

From these findings, nonprofit organizations can identify aspects of giving that are specific to Indiana and evaluate their own giving programs in that context. Donors could find areas that may seem comparably well-supported or under-funded as part of their environmental scan before making a significant gift. Policy makers can identify the current level of private philanthropic funding for institutions that serve statewide goals—an educated populace, healthy citizens, or safe communities.

Over time, the Center on Philanthropy will be gathering similar data about other states and other localities, providing a truly useful comparative look at regional differences in charitable giving. We invite you to share with us your thoughts about what that examination should cover. Please feel free to contact us at 317-278-8909.

Cordially,



Eugene R. Tempel, Ed.D., CFRE
Executive Director

Acknowledgments

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Several people were instrumental in completing this work— more than we have room to mention by name. We would like to thank:

Staff at the Indiana Chamber of Commerce for their help in getting the project designed and completed, including assistance in preparing a random sample of Indiana firms;

Staff at the Indiana Grantmakers Alliance for providing good counsel and sharing information about Indiana grantmaking foundations;

Staff at the Center for Survey Research at Indiana University for conducting the three separate surveys – of households, corporations, and foundations – required for this work;

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Indiana Gives 2004

Contents

Acknowledgments i

Key Findings iv

Executive Summary vii

Chapter 1: Introduction..... 1

Chapter 2: Statewide Individual Giving 5

Chapter 3: Individual Giving in Indianapolis 22

Chapter 4: Foundation Grantmaking in Indiana 38

Chapter 5: Corporate Giving in Indiana 44

Chapter 6: Types of Recipients..... 51

Chapter 7: Methodology..... 61

Indiana Gives 2004

Key Findings

Total estimated giving by Indiana households, foundations, and corporations in 2003 was \$4.86 billion. More than three-quarters (78 percent) of this funding—nearly \$3.8 billion—remained in Indiana.

Individuals contributed an estimated \$3.73 billion, or 76.7 percent of the total. Just over 79 percent of Indiana households gave to charity in 2003, exceeding the national participation rate of 67 percent. The average gift total of \$1,872 per donor household was slightly lower than the national average of \$1,937. Indiana's charitable impulse is widespread, but the amounts donated are constrained by the fact that, in general, Indiana incomes are below the national average.

Foundations contributed an estimated \$695.64 million, or 14.3 percent of the total.¹ Lilly Endowment Inc., in late 2003, was the nation's second-largest foundation. When that single foundation's grantmaking is excluded from the study, 922 foundations granted about \$270 million, or 6 percent of an adjusted total of \$4.43 billion (all giving, less Lilly Endowment giving).

Corporations contributed an estimated \$438.16 million or 9.0 percent of the total. About three-quarters of the surveyed firms made charitable contributions in 2003. Corporations of all sizes reported making gifts, and most of the support was in the form of cash contributions. Small firms, those employing fewer than 50 people, made about one-third of their giving through in-kind contributions. Large (more than 250 employees) and medium-sized (50 to 249 employees) firms gave a higher percentage in cash.

Charitable bequests were not estimated.

Religious organizations (congregations, denominational offices, missions, ministries) received \$1.92 billion or 39.5 percent of the total. Indiana religious organizations receive about 97 percent of their funding from households. Indiana foundations and corporations give a higher percentage of their total contributions to religion than do similar institutions nationally.

Educational organizations, including primary and secondary schools and colleges, received \$711 million or 14.6 percent of the total. Nationally, education is the second-largest category after religious giving. In Indiana, it is third, with human services receiving more than education. Education in Indiana was strongly supported by all types of donors. Household gifts to education were 6.8 percent of household giving, outpacing the 4.8 percent recorded nationally for household gifts to education. Foundations gave a higher percentage of their total contributions to education than is found nationally. Corporations, however, gave 25 percent of their total contributions to education. In contrast, one national study found 32 percent contributed by the nation's largest firms to education.

Human services organizations received an estimated \$747 million in 2003, or 15.3 percent of the total. This is far above the national standard of 8 percent. Human services includes charitable organizations that address basic needs like food, shelter, or employment, as well as youth development, disaster preparedness and relief, legal counseling, and recreational or amateur sports. Households were exceptionally generous in their giving to human services, with 15 percent of the amount contributed by households going to human services (more than the national average of 12 percent for household giving). The generous level of giving to human services in Indiana reflects the giving priorities of state residents outside the central Indiana region. Indianapolis-area residents gave 8.1 percent of their gifts to human services organizations. Indiana foundations gave a higher share of their total grantmaking to human services organizations than is seen in foundations nationally (16.5 percent compared with 15 percent nationally).

Health organizations received an estimated \$272 million, or 5.6 percent of the total. This falls significantly below the national measure of 8.8 percent. Charitable giving to health supports health care facilities and organizations that were formed to promote the understanding of specific health or mental health conditions or the health-related care of people with health conditions. The health total was influenced in part by high levels of giving by corporations. Forty percent of Indiana corporations reported giving for health, with most of them making a gift between \$200 and \$25,000. However, two firms reported more than \$5 million in total contributions to health. Households in Indiana gave 4.6 percent of their giving to health, compared with 4.8 percent given to health by households nationally. Foundations gave 3.6 percent of their grant dollars to health organizations, far lower than the 21 percent found nationally (which includes a substantial portion of the Gates Foundation giving).

Public-society benefit organizations received an estimated \$690 million, or 14.2 percent of the total. This is more than twice the national percentage. Public-society benefit includes collective fundraising organizations, such as United Way and community foundations. Much of the giving to United Way is allocated to human service agencies. Public-society benefit also includes organizations working for economic, community, or neighborhood improvement, those engaged in civil rights issues, and “think tanks” related to public policy or social sciences. Households, especially those in the Indianapolis area, reported very high levels of giving for public-society benefit, with the amount contributed to “combined campaigns” second only to religious giving. Indiana foundations granted somewhat less to this category than do national foundations. Indiana corporations gave an estimated 20.6 percent of their contributions for public-society benefit purposes, with the majority of the dollars going for economic and community improvement and the second-highest amount given to United Way. There are no comparable national data for corporations.

Arts, culture, and humanities organizations received an estimated \$223 million, or 4.6 percent of the total, a bit under the national share of 5.5 percent. Households gave about 3 percent of their total giving to the Arts, which is a much higher percentage than the 1.3 percent found in a national survey of household giving. More than 10 percent of foundation grantmaking was for the Arts, somewhat lower than the national share of 12 percent for 2003. Corporate donors reported 8.9 percent of their total estimated giving for the Arts. This compares favorably with giving by the country’s largest companies, where the Arts received 5.4 percent of donations tracked in a Conference Board study.

Environment/animals organizations received an estimated \$80 million, or 1.7 percent of the total. This is less than the 3.0 percent received nationally by organizations in this subsector. Only 1.1 percent of Indiana foundation grantmaking was allocated to environment/animals organizations,

significantly less than the 6.7 percent found nationally among foundations. Household donors gave 1.9 percent of their contributions to the environment, close to the national figure for household giving to this cause. Corporate donors gave less than 1 percent of their total giving to this type of recipient, nearly the same as the national figure for the nation's largest companies.

International affairs organizations, which includes international aid, development, and relief, received an estimated \$65 million, or 1.3 percent of the total amount of estimated giving by Indiana donors. This is close to the 2.2 percent contributed nationally to international affairs organizations. Household giving to international affairs organizations was 1.7 percent of total Indiana household giving; this is comparable to the share found in a similar national telephone survey. Grantmaking by Indiana foundations for international affairs was so low it didn't reach 1 percent of the total. Nationally, foundations grant 2.6 percent of their funding for international affairs. Indiana corporations also reported a small share of their total giving for international affairs. Nationally, the country's largest companies give as much as 16 percent of their total contributions for work abroad.ⁱⁱ

Notes to Key Findings

1. Since data were collected in mid-2004 using a survey of foundations, other organizations have analyzed the IRS Forms 990-PF filed for the 2003 fiscal year by independent and corporate foundations and the Forms 990 filed by community foundations. One published total shows \$903 million in giving by Indiana foundations in 2003 (www.foundationsearch.com). In that analysis, education received 41 percent of the total, community development received 22 percent and human services received 14 percent. The *Indiana Gives* estimate used survey responses from a sample of foundations and asked for information about calendar year 2003. While the total amount estimated by *Indiana Gives* is only three-quarters of the reported total based on IRS Forms 990-PF, the distribution by subsectors (type of recipient) from the survey data is close to that of the reported distribution coded by the commercial service that analyzes IRS Forms 990-PF. Those forms for 2003 are still being reviewed at FoundationSearch, and their totals will also change. There is also a possible difference in fiscal year and calendar year information that may account for part of the variation.
2. S. Muirhead, *Corporate Contributions 2003* (New York: The Conference Board), p. 7, shows \$1.11 billion in international gifts and a total of \$6.84 billion.

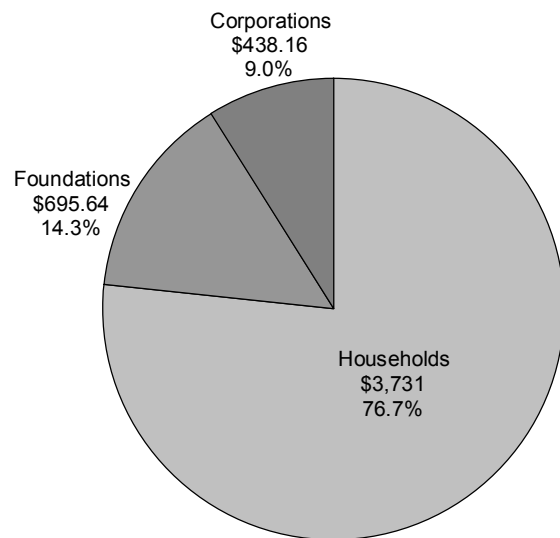
Indiana Gives 2004

Executive Summary

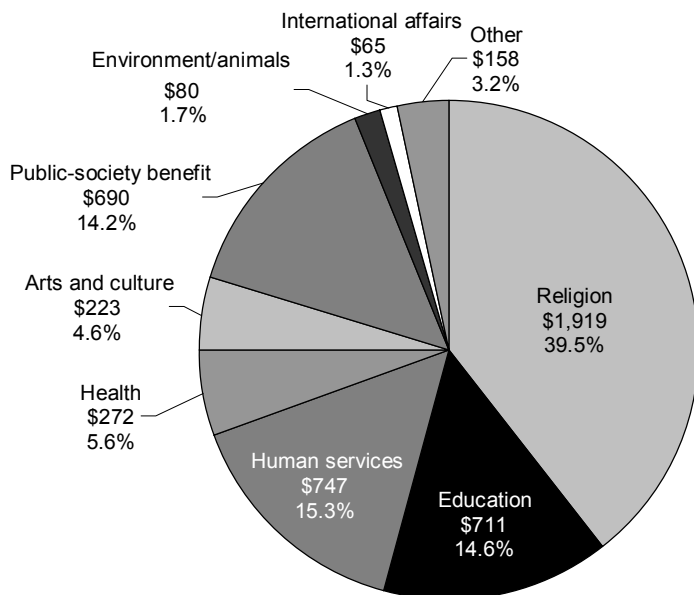
Donors in Indiana contributed an estimated \$4.86 billion to charity in 2003. Households accounted for more than three-quarters of this amount, giving \$3.73 billion. Foundations gave \$695 million (14.3 percent), whereas corporations gave \$438 million (9.0 percent).

Indiana donors gave primarily to religious organizations, which received 39.5 percent of total giving. Nationally, religion received 35.7 percent of the total in 2003. Indiana donors gave 15.3 percent to human services organizations, almost double the national share of 8 percent.

Estimated Total Charitable Giving by Type of Indiana Donor, 2003
\$4.86 Billion Total Estimated Donations
 (Dollars in Millions)



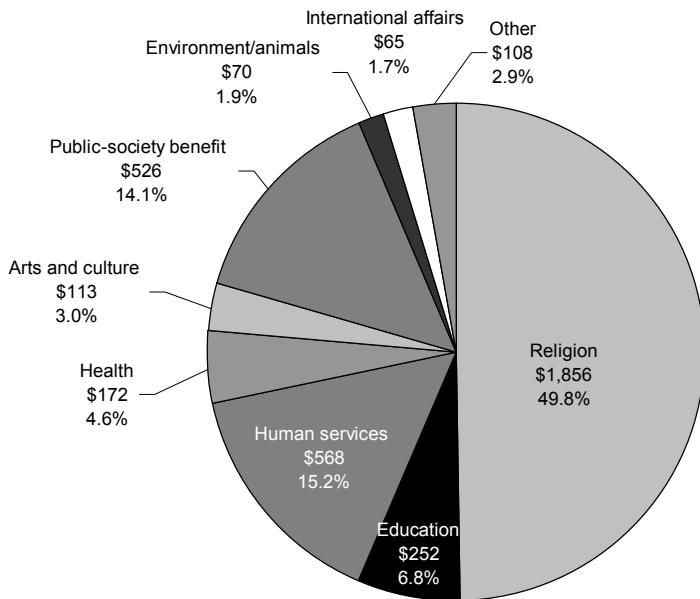
Distribution by Type of Recipient
Indiana Donations from All Sources, 2003
\$4.86 Billion Total Estimated Giving
 (Dollars in Millions)



Education is the third-largest recipient in Indiana (14.6 percent) and the second in the nation (13.6 percent). Indiana gifts to public-society benefit organizations (*e.g.*, economic development organizations, United Way, and other charities benefiting the entire community) are 14.2 percent of the state total, (compared with 5.1 percent of the national total). Indiana giving to health trails the nation, at 5.6 percent of the state total (compared with 8.8 percent of the national total). Indiana households, foundations, and corporations all direct a lower share of their giving to health than do their counterparts nationally.

Household Giving

Indiana Household Giving by Type of Recipient, 2003
\$3.73 Billion Total Estimated Household Giving
 (Dollars in Millions)



In 2003, Indiana households contributed an estimated \$3.73 billion, of which an estimated \$2.95 billion (79.0 percent) stayed in Indiana. The average household contribution for Indiana in 2003 was estimated to be \$1,872, about 3.5 percent less than the estimated national average of \$1,937. About 79 percent of Indiana households contributed (compared with 67 percent nationally).

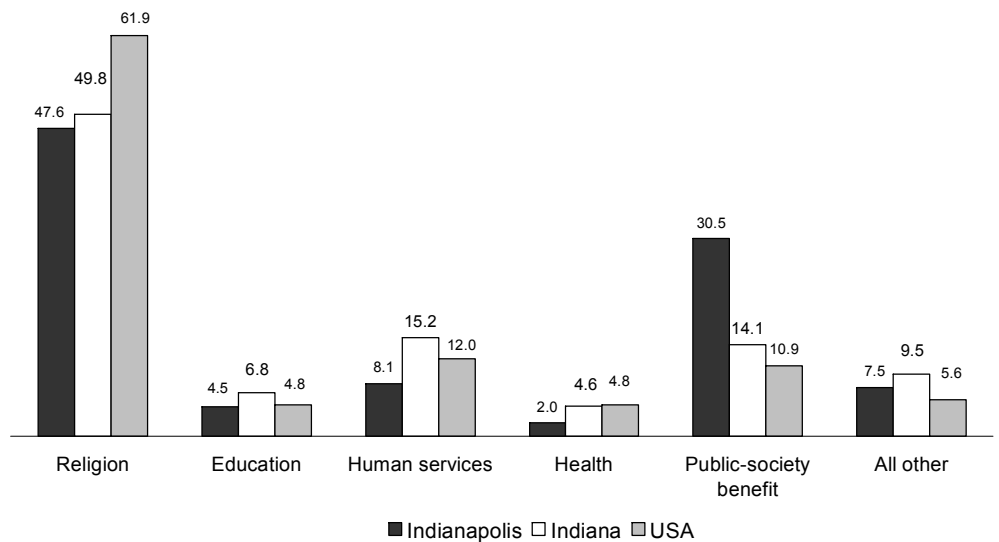
Indianapolis households have a higher average gift amount than the rest of the state—at \$1,955—perhaps because of the relatively high percentage of high-income households in the state’s capital city. Residents of the nine-county Indianapolis metropolitan area gave about \$1.06 billion.

Charitable priorities for households in Indiana largely reflect national priorities. Religion receives the single largest share nationally and in Indiana. In the U. S., the high level of giving to religion (nearly 62 percent of all household giving) reflects very high contributions from households in Southern states.

Indianapolis households give a higher percentage of their contributions to the public-society benefit category than do households in the rest of Indiana or in the U. S. generally. This category includes community and economic development, the United Way, community foundations, and other organizations.

Indiana’s high level of giving to human services is seen in household giving outside Indianapolis.

Estimated Percentage of Gift Dollars by Type of Recipient, Household Donations, 2003
 National data: The Center on Philanthropy Panel Study

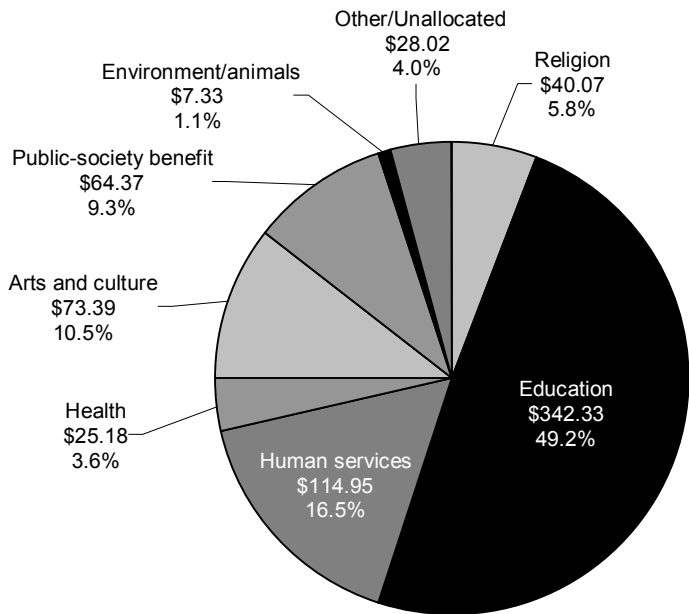


The shares of giving by Indiana households for education and for other causes (the environment, international affairs, and Arts and culture) are similar to national levels.

Foundation Giving

Private/Independent Foundations and Community Foundations

**Type of Recipient, Grant Dollars Paid
Indiana Private and Community Foundations, 2003**
Total estimated donations: \$695.64 million
(Dollars in Millions)

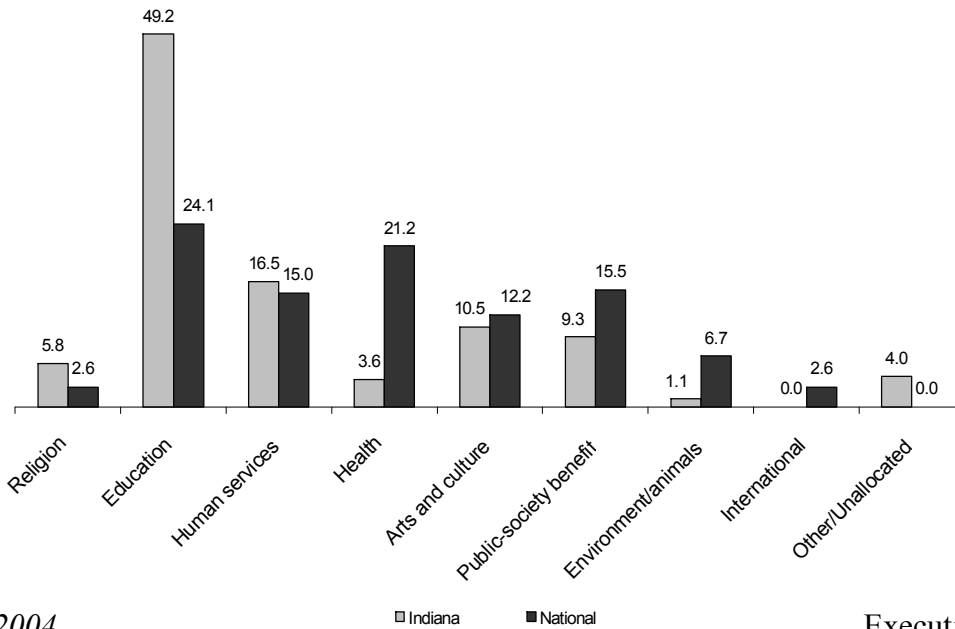


Indiana foundations (excluding corporate foundations, which are counted in corporate giving) contributed an estimated \$695.64 million in 2003. Of that, \$514.33 million, or approximately 74 percent, stayed in the state. The state's 16 largest foundations directed about 65 percent of their giving to Indiana organizations. For the smaller foundations, more than 78 percent of their giving remained in Indiana.

Funding by Indiana foundations for education is nearly one-half of the total, which far surpasses the national percentage of grant dollars going to education (24.1 percent for 2003, according to the Foundation Center). Indiana's high level of giving for education reflects grantmaking priorities of some of the state's largest foundations including Lilly Endowment Inc. and the Lumina Foundation for Education.

Independent and community foundations in Indiana gave higher percentages than national foundations did to religion, education, and human services. Indiana foundations gave a lower percentage of grant dollars to health, arts, public-society benefit, and the environment.

Indiana Foundation Giving Priorities, 2003
Compared with National Foundation Giving Priorities, 2003
Grant Dollars to Subsector as a Percentage of Total Grant Dollars
National data: The Foundation Center

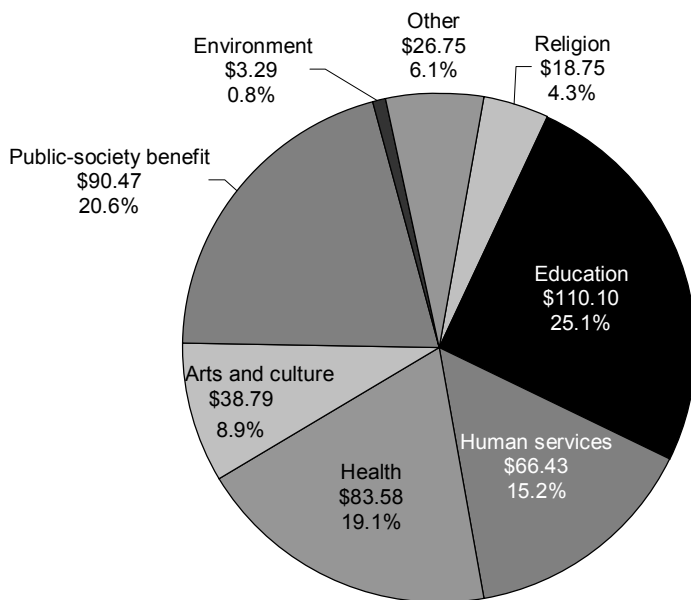


Corporate Giving

Including In-kind Contributions and Corporate Foundation Grantmaking

Indiana firms gave an estimated \$438.16 million in 2003. For this study, *Indiana Gives* surveyed all types of firms, from partnerships to the state's 50 largest privately owned firms and 50 largest publicly traded companies. Companies included small firms with 1 to 49 employees; mid-sized companies employing between 50 and 249 people; and large firms with 250 or more employees.

Indiana Corporate Giving by Type of Recipient, 2003
\$438.16 Million Total Estimated Giving
 (Dollars in Millions)



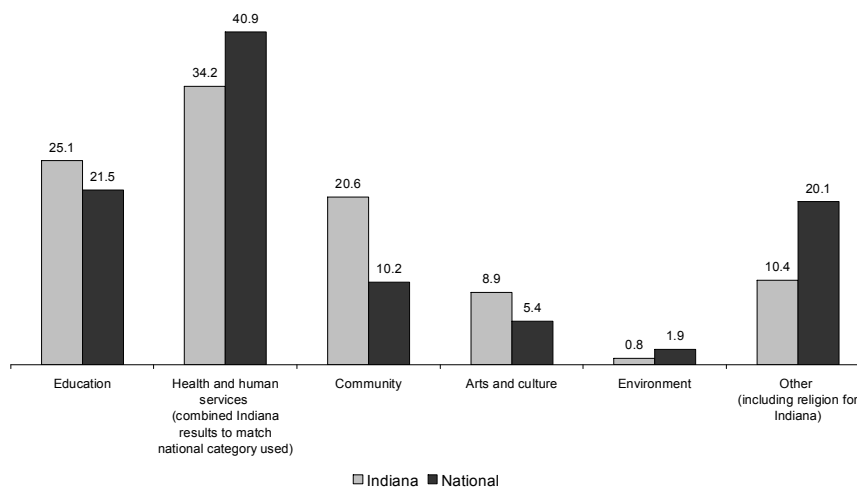
About 7 in 10 small and medium-sized firms responding to the survey reported making contributions. Large firms were more likely to give, with 90 percent reporting cash or in-kind contributions to charity.

On average, 75.8 percent of corporate giving went to charities in the state, mostly in the communities in which the donor firm operates.

Corporations of all sizes focused their giving on education, health, and human services. Those categories each received 10 percent or more of the gift dollars from all sizes of corporations in the study, with education consistently receiving the largest share of contributions from all sizes of firms.

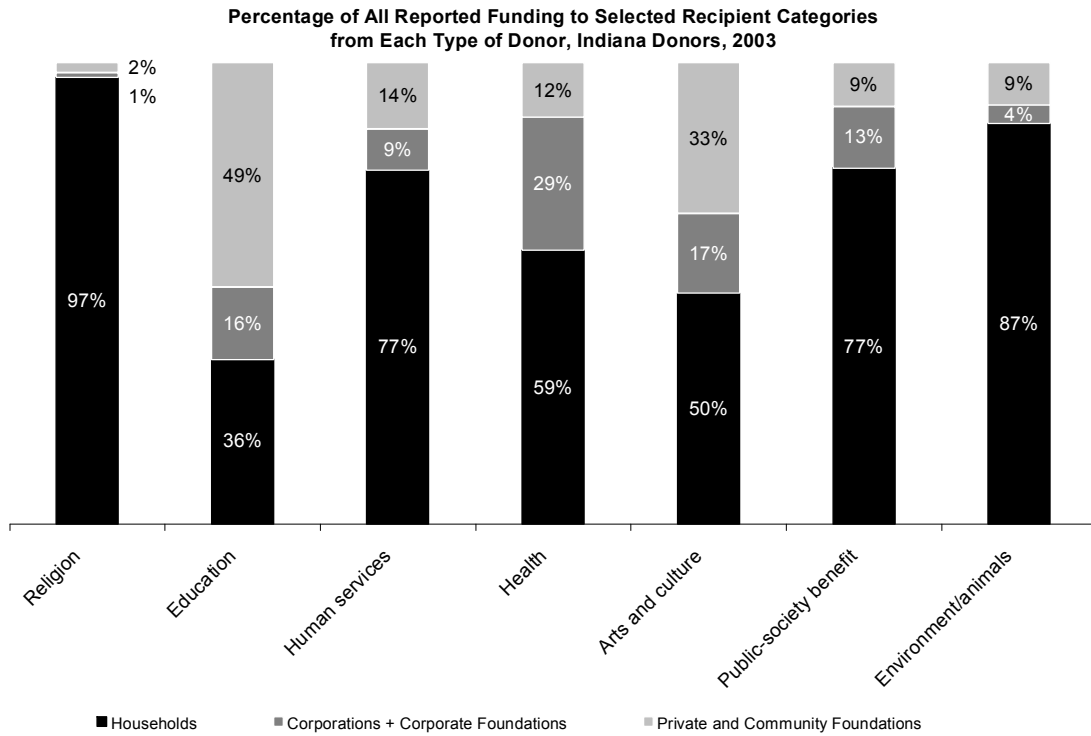
Compared with companies nationally, Indiana firms gave far larger shares of their total giving for education, community, and arts. Indiana companies gave a lower percentage for health and human services (the combined category used nationally) and for the environment.

Estimated Percentage of Corporate Giving by Type of Recipient, 2003
Indiana Corporations Compared with National Survey Results
 National Data: The Conference Board



Types of Recipients

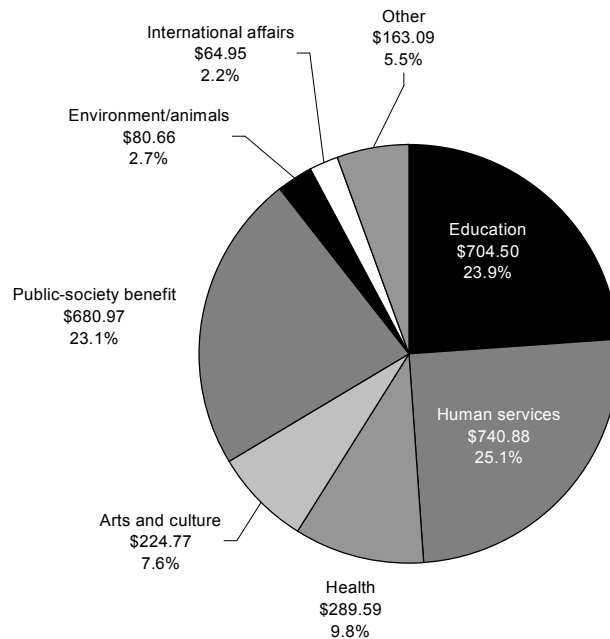
Each subsector relies heavily on contributions from individuals, although foundation grantmaking makes nearly half of reported Indiana gifts to education.



*Percentages do not equal 100% due to rounding.

Nonprofit organizations often wish to know how giving is distributed among subsectors when religious giving is not included. In Indiana for 2003, education, human services, and public-society benefit all received about one-quarter of non-religious charitable giving.

Distribution of Giving When Religion Subsector is Not Included
Total Contributions: \$2.95 billion
 (Dollars in millions)



Indiana Gives 2004

Introduction

Background Information about Indiana

6.2 million estimated population in 2003
2.1 percent of the total U.S. population
14th most populated state in the U.S.

The population of Indiana is
85.3 percent white
8.4 percent black
3.9 percent of Hispanic or Latino origin
2.3 percent from other minority groups

1.6 million residents in greater Indianapolis
with approximately 783,450 in Marion
County and the remainder spread through
nine surrounding counties

3 million employed as of August 2004¹
\$28,797 per-capita personal income, well
below the national average of \$31,459
33rd among all states in per-capita income¹

60,000 estimated charities and religious
organizations in Indiana

The nonprofit sector inhabits an essential place in American society. Charitable organizations in Indiana—like those across America—seek to meet the spiritual, intellectual, and material needs of people every day. Often, those needs are outside the scope of both government and the for-profit world and they would not be met without the generosity of individuals, companies, foundations, and the work of nonprofit organizations devoted to them. This generosity enables nonprofits to serve individuals and build communities in all regions of the country.

Giving takes many forms. *Indiana Gives* focuses on formal donations that qualify for tax deduction under the Internal Revenue Code. This means money or items given to recognized charities (501(c)(3) charities) or religious organizations. It does not include philanthropic acts such as volunteering or charitable actions such as giving money to friends or relatives or to a group of people organized for community improvement or action but not formally incorporated as a charitable organization.

Charitable contributions are important in spirit and also in financial terms. *Giving USA*, published by the *Giving USA* Foundation and researched and written at the Center on Philanthropy at Indiana University, estimates that more than \$224 billion was donated to charity in 2003 by individuals, corporations, and foundations in America (excluding contributions by bequest).¹ That money supported more than 900,000 federally recognized nonprofit organizations and countless other less-formal nonprofit organizations and religious institutions.

According to a pathbreaking study conducted by Kirsten Grønbjerg, Efrogmson Chair in Philanthropic Studies at Indiana University, there are an estimated 60,000 charities, congregations, advocacy groups, and membership associations working to improve the lives of Indiana residents.² Dr. Grønbjerg's team used three approaches to counting nonprofits and found that about one-third of those operating in the state are not counted on the federal lists, either

because they are very small, are part of a larger entity (a chapter or affiliate), or are very new so not yet completed with registration.

With the enormous scope and impact of the nonprofit world in mind, it is increasingly important to study and understand the dynamics of charitable giving and practice at its core. Many works have attempted to do this on a national and international scale. *Indiana Gives* offers new insights into the specific characteristics of charitable giving in Indiana and, with those insights, an opportunity to increase both knowledge and results.

Objectives

This report identifies the principal sources of giving in Indiana and provides national comparisons to put giving by state residents and institutions into a wider context. Individual, foundation, and corporate giving are examined in this report, each in its own section. An additional section shows the allocation of the total giving among different types of organizations (congregations, educational institutions, health care organizations, and so forth).

This study analyzes the sources, uses, and potential changes in giving in Indiana and places these findings into context with the rest of the nation. Knowing who is giving, why they give, and where gifts are going offers stakeholders a view of the philanthropic landscape and provides the community with a picture of the flow of resources in its philanthropic economy. These data and their continued analysis can improve both the understanding and practice of philanthropy in Indiana.

Information was sought from all areas of the private and nonprofit sectors and from the community at large. Corporations, charitable foundations, and individuals in Indiana were surveyed to determine how much, where, and why people and organizations give to charitable causes and what types of organizations Indiana residents support with their gifts. Additional data were garnered from secondary sources, such as IRS Forms 990 and IRS Forms 990-PF (which are informational reports filed with the IRS by nonprofits and foundations), as well as reports from the Foundation Center.

Types of Gifts

There are four primary sources of gifts to nonprofit organizations in the United States:

- Living individuals
- Foundations
- Corporations and corporate foundations and
- Bequest gifts.

Indiana Gives 2004 reports data about all except charitable bequests.

Contributions are made to charities that provide a number of different types of services, ranging from religious congregations, which typically receive the largest portion of giving in the U.S., to organizations working on issues related to international affairs and development, which typically receive the smallest percentage among the types studied in the U.S.

At nonprofits, 47 percent of income comes from private donations, according to a previous study conducted in 2002 on the role of the nonprofit sector in the Indianapolis area.³ The remaining funds come from a mix of government funding and self-generated income. Organizational dependence on individual gifts, however, differs greatly across subsectors and consequently nonprofits. Previous research has shown that religious nonprofits typically depend on individual gifts for upward of 97 percent of all revenue, whereas hospitals rely on all contributions for only 3.7 percent to 14.2 percent of total revenue. As well, within the small percentage of contributions that go to hospitals, 57 percent to 62 percent is from individuals.⁴ It is for this reason that accurately measuring charitable giving and understanding its many influencing factors becomes critical to understanding giving in Indiana.

Individual gifts represent the largest portion of gifts made to charitable causes in the United States. According to *Giving USA 2005*, individuals contributed an estimated \$180.58 billion in 2003, or about three-quarters of the total estimated giving (including bequests) of \$236.73 billion. These gifts, which are defined as donations of money or assets by a living individual, can range from multimillion-dollar gifts by wealthy donors to donations of food to a local food bank. Total individual giving of \$180.68 billion in 2003 is more than two and a half times the \$65.30 billion (adjusted for 2003 dollars) given by individuals in 1963.

An independent or private foundation is defined as “a nongovernmental, nonprofit [entity] with its own funds... established to maintain or aid educational, social, charitable, religious, or other activities serving the common welfare, primarily by making grants to other nonprofit organizations.”⁵ Indiana has approximately 925 private or independent foundations. Another form of foundation is a community foundation, which differs from most private foundations because community foundations generate funding from a broad range of donors to their endowment rather than one individual, family, or organization. Indiana is home to more community foundations than any other state, with 73 of these registered entities currently operating in the Hoosier state and serving all counties.⁶ *Giving USA* estimates that all foundation grants accounted for 11.3 percent of giving in the United States in 2003, including bequests, or an estimated \$26.84 billion given to nonprofit organizations. That is more than five times the \$4.93 billion (in 2003 dollars) given by foundations in 1963.

Corporations make gifts directly to charities in cash or in-kind—giving either products or equipment—and through grants made by corporate foundations funded through prior years’ corporate profits. Nationwide, corporations donated an estimated \$11.48 billion in 2003, accounting for 4.7 percent of total gifts (including bequests) made that year. Nationally, corporate giving has grown by nearly \$8 billion (adjusted for 2003 dollars) in the past 40 years, representing inflation-adjusted growth of nearly 230 percent.

Americans gave \$18.13 billion dollars to charity through wills in 2003, which represents 7.7 percent of the total given in that year.⁷ Over the past 40 years, giving by charitable bequest has risen by almost \$13 billion nationally (adjusted for 2003 dollars), representing a real growth of more than 220 percent. *Indiana Gives* does not have data about bequest contributions in Indiana, although a separate study found that 24 percent of nonprofit organizations in the state reported receiving charitable bequest revenue in 2001.⁸

NOTES TO CHAPTER 1: INTRODUCTION

- ¹ *Giving USA 2005*, a publication of the *Giving USA* Foundation, researched and written by the Center on Philanthropy.
- ² Grønbjerg, K., Indiana Survey of Nonprofits, available at www.indiana.edu/~nonprof/results/npsurvey.html
- ³ Bielefeld, W. (2002). *The Role of the Nonprofit Sector in the Indianapolis Area*, Center for Urban Policy and the Environment.
- ⁴ *Giving USA 2004*.
- ⁵ Lawrence, Steven and Dia Ganguly. (2002). *Foundation Yearbook, 2002*. New York: The Foundation Center, p. 85.
- ⁶ According to the Indiana Grantmakers Alliance, available at www.indianagrantsmakers.org
- ⁷ *Giving USA 2005*.
- ⁸ Grønbjerg, K., Indiana Nonprofit Sector: Scope and Dimensions, available at www.indiana.edu/~nonprof/index.php

Indiana Gives 2004

Statewide Individual Giving

Highlights

- ❖ 79.1 percent of Indiana households surveyed gave charitable gifts in 2003, totaling an estimated \$3.73 billion.
- ❖ Among donors in 2003, the average giving amount per household was \$1,872.
- ❖ The average donation for all households in 2003, including the approximately 20 percent who gave nothing, dropped to \$1,479 per household. This is nearly 7 percent higher than the comparable figure (adjusted for inflation) for 2000.
- ❖ Indianapolis-area donors gave an estimated \$1.06 billion of the total amount estimated for Indiana.
- ❖ The average gift amount among donors in the state's capital region was \$1,955, which is 4.4 percent above the statewide average.
- ❖ A slightly lower percentage of Hoosiers gave in 2003 than in 2000, but on average, the amounts contributed rose between 2000 and 2003.
- ❖ In 2000, about 82 percent of Indiana households contributed to charity. The 3 percentage point decline is slightly more than the 2 percentage point decline found in giving by all U.S. households. Nationally, giving slipped from 69 percent of households in 2000 to 67 percent in more recent years.
- ❖ In 2000, on average, Hoosier donors gave \$1,683 (adjusted for inflation). Giving in 2003 was about 11 percent more, at \$1,872 per donor household, on average.
- ❖ In 2000, among all Indiana households (including non-donors), the average gift was equivalent to \$1,388 when adjusted for inflation to 2003 dollars. The comparable figure for 2003 was about 7 percent more, at \$1,479 in average giving for all households.

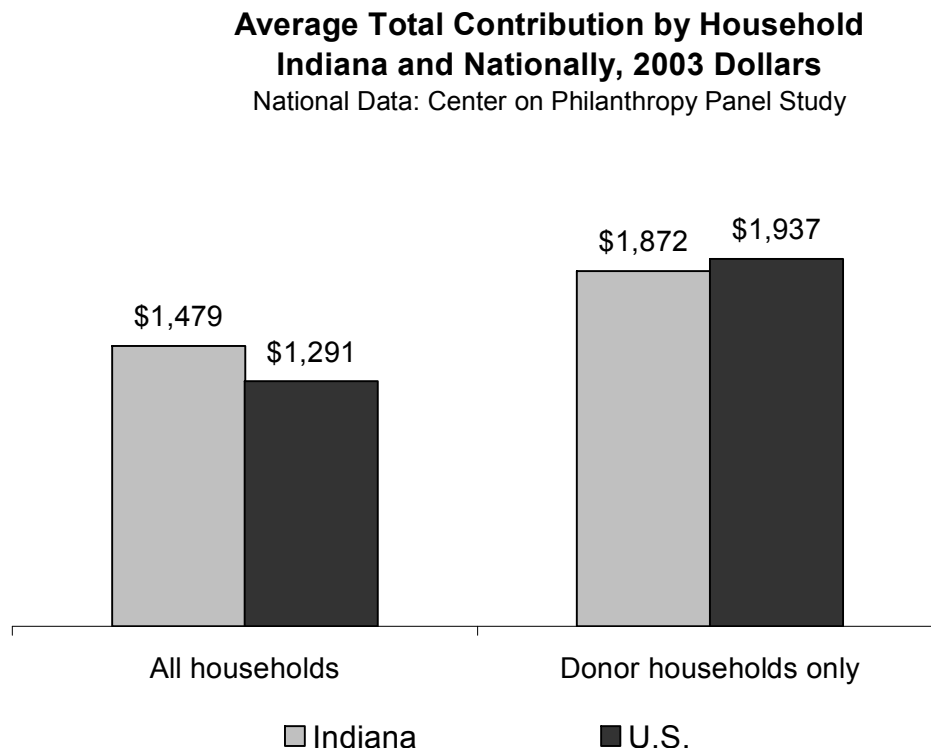
Individual gifts represent the largest portion of gifts made to charitable causes in the United States. According to *Giving USA 2005*, individuals contributed an estimated \$180.58 billion in 2003, or about three-quarters of the total estimated giving (including bequests) of \$236.71 billion nation-wide. When charitable bequests are not included in the national total, individual giving is 82.8 percent of giving. In Indiana, where bequests were not studied, individual giving was 76.7 percent of the total. Foundations and corporations in Indiana both contributed larger shares than similar types of donors do nationally.

Money or assets contributed by a living individual can range from multimillion-dollar gifts by wealthy donors to donations of household items to Goodwill or a similar program. Total U.S. individual giving of \$180.58 billion in 2003 is more than two and a half times the \$65.30 billion (adjusted for 2003 dollars) given by individuals in 1963.

Because contributions from individuals are such a large share of all charitable gifts, having an accurate picture of factors that influence individual gifts will help organizations in Indiana be more effective in their fundraising. *Indiana Gives 2004* provides results from its study of a representative 736 individuals from across the state who were surveyed concerning how much, where, and why they donate.

When compared with the nation, more Indiana households contribute to charity, but the average amount donated by each contributing household is slightly less than the national average. This conclusion is based on data from the *Indiana Gives* survey when compared with the Center on Philanthropy Panel Study (COPPS). *Indiana Gives* used the same survey methods and questions as COPPS. As a national measure, COPPS is highly accurate because it reaches more households and has a higher response rate than any other survey of giving in the United States.¹ The COPPS study shows that nationally 67 percent of households contributed to charity in 2003. In Indiana, 79 percent of households donated in 2003. The national average amount contributed per donor household in the COPPS study is estimated to be \$1,937.² *Indiana Gives* finds an average household contribution of \$1,872 for 2003, or 3.5 percent less than the COPPS national average. Indiana is above the national average in amount contributed per household, when all households are included (even those that did not make any donations). Figure 1 illustrates the comparison of average giving of all Indiana households and Indiana donor households with the COPPS national averages.

Figure 1



Indiana residents gave to a variety of causes in 2003. The largest share, 49.8 percent of the total amount given to charity by Indiana households in 2003, went to religious organizations, including congregations, media ministries, and other types of religious groups (Figure 2, next page).

Distribution of gifts by recipient type closely parallels that of Americans overall, which can be seen when comparing the allocation of gifts by Indiana households with that of households across the nation (Figure 3).

Figure 2

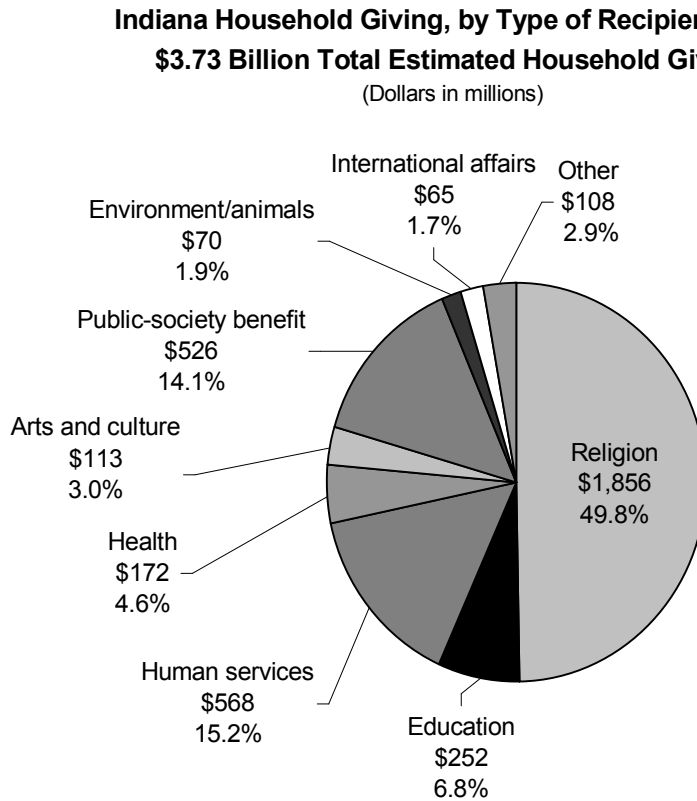
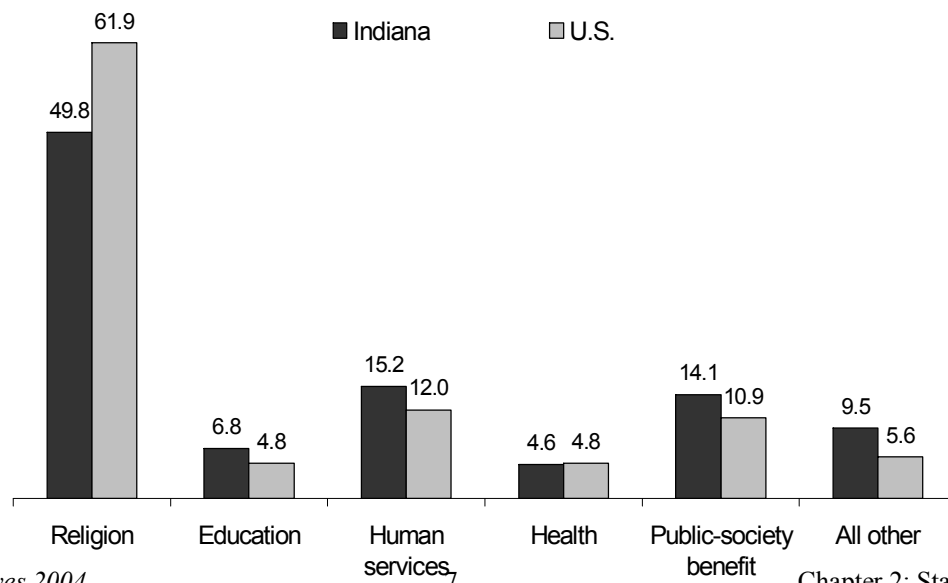


Figure 3

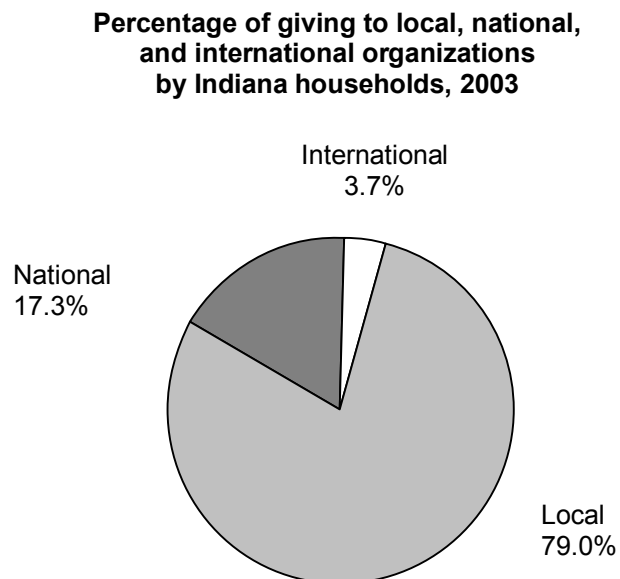
Estimated Percentage of Gift Dollars by Type of Recipient, Household Donations, 2003
 National data: The Center on Philanthropy Panel Study



Indiana residents directed most of their giving to Indiana

organizations (Figure 4). Respondents reported that 79.0 percent of their contributions in 2003 were given to organizations in Indiana. The bulk of the remainder, 17.3 percent, went to national organizations; the final 3.7 percent went to international organizations. Although there is no nationally comparable figure, this distribution closely follows findings of similar surveys completed in other regions in the country.³

Figure 4



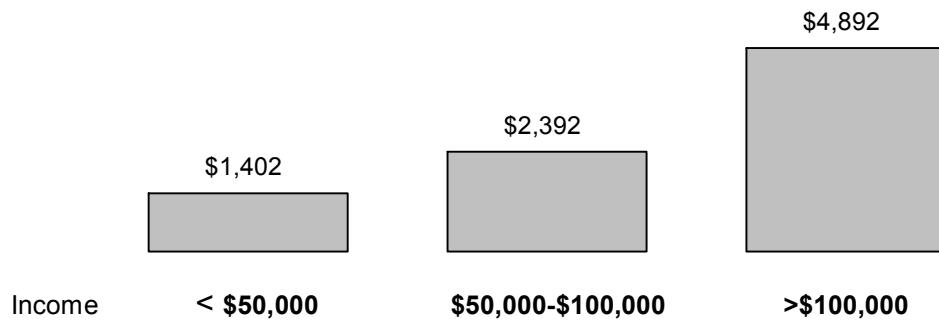
Factors that Influence Giving

A number of economic and social factors play a role in how much households and individuals give to charity in a year. *Indiana Gives* provides comparisons of giving based on income range, percentage of income, education level, age, gender, religious affiliation, frequency of attendance at worship, links between religious beliefs and giving, and motivations for giving.

Income level is known to have a positive effect on giving, nationally and regionally. The data from Indiana households further reinforce this statement. Households with the highest income are the most likely to give and they give, on average, a larger amount. Figure 5 (next page) compares the average gift total for each income bracket.

Figure 5

**Average Giving Total by Income Range,
Indiana Donor Households, 2003**



Nearly every household (99.5 percent) in our sample with an annual income of \$100,000 or more reported making gifts in 2003. The average total giving among those donors was \$4,892. Of households with an annual income between \$50,000 and \$100,000 per year, 92.4 percent reported making contributions to charity. The average total amount contributed to charity by those donors was \$2,392. The lowest annual household income range, \$50,000 or less, had the lowest percentage of donors (67.8 percent) and the lowest average total giving—at \$1,402.

When donations are compared as a percentage of income, there is a shift in the order of generosity. Donors from households earning less than \$50,000 a year donated approximately 5.6 percent of their annual income. The mid-range annual income bracket, between \$50,000 and \$100,000, donated a lower percentage, giving 3.2 percent of the annual household income. Donors from the highest annual income group, with \$100,000 or more, gave a slightly higher percentage of their earnings to charity, donating 3.7 percent of their gross income. Figure 6 compares average giving as a percentage of income between these three income groups.

Figure 6

**Average Giving as a Percentage of Income,
Indiana Donor Households, 2003**



Respondents showed a similar rank in priorities for giving, based on the percentage who gave, yet differing priorities based on the average amount donated per donor household. Tables 1, 2, and 3 show average giving by type of recipient for the three income ranges used in the study. In each table, recipient types are ranked by the percentage who gave. Figures 7 and 8 show the same information in graphs.

Table 1: Note: The average total does not equal the sum of the subsectors. Not all donors give to all subsectors.
Giving by Indiana households, income less than \$50,000

Type of recipient	Rank of Avg	Average Annual Giving	Percentage Who Give
Total		\$1,402	67.8
Religion	1	\$1,361	48.7
Basic human needs	4	\$253	43.7
Health	9	\$134	27.7
Combined campaigns	2	\$422	27.5
Education	7	\$136	16.7
Environment	10	\$64	15.1
Youth	8	\$137	11.2
Arts	3	\$283	7.4
International organizations	5	\$232	7.1
Neighborhood development	6	\$154	5.8

Table 2
Giving by Indiana households, income from \$50,000 to \$100,000

Type of recipient	Rank of Avg	Average Annual Giving	Percentage Who Give
Total		\$2,392	92.4
Religion	1	\$1,704	73.1
Basic human needs	3	\$635	66.8
Combined campaigns	2	\$671	55.6
Health	6	\$410	45.5
Education	4	\$506	41.4
Youth	7	\$317	30.7
Environment	9	\$133	28.2
Arts	5	\$475	17.3
International organizations	8	\$167	12.7
Neighborhood development	10	\$122	12.3

Table 3
Giving by Indiana households with income above \$100,000

Type of recipient	Rank of Avg	Average Annual Giving	Percentage Who Give
Total		\$4,892	99.5
Religion	1	\$2,997	76.8
Basic human needs	4	\$759	73.7
Combined campaigns	2	\$1,100	68.2
Health	9	\$413	63.0
Education	3	\$990	62.5
Youth	5	\$672	39.8
Arts	7	\$546	31.4
Environment	8	\$442	28.0
International organizations	6	\$666	19.1
Neighborhood development	10	\$271	16.0

Figure 7

Amount donated by type of recipient, by income range, Indiana Donors, 2003

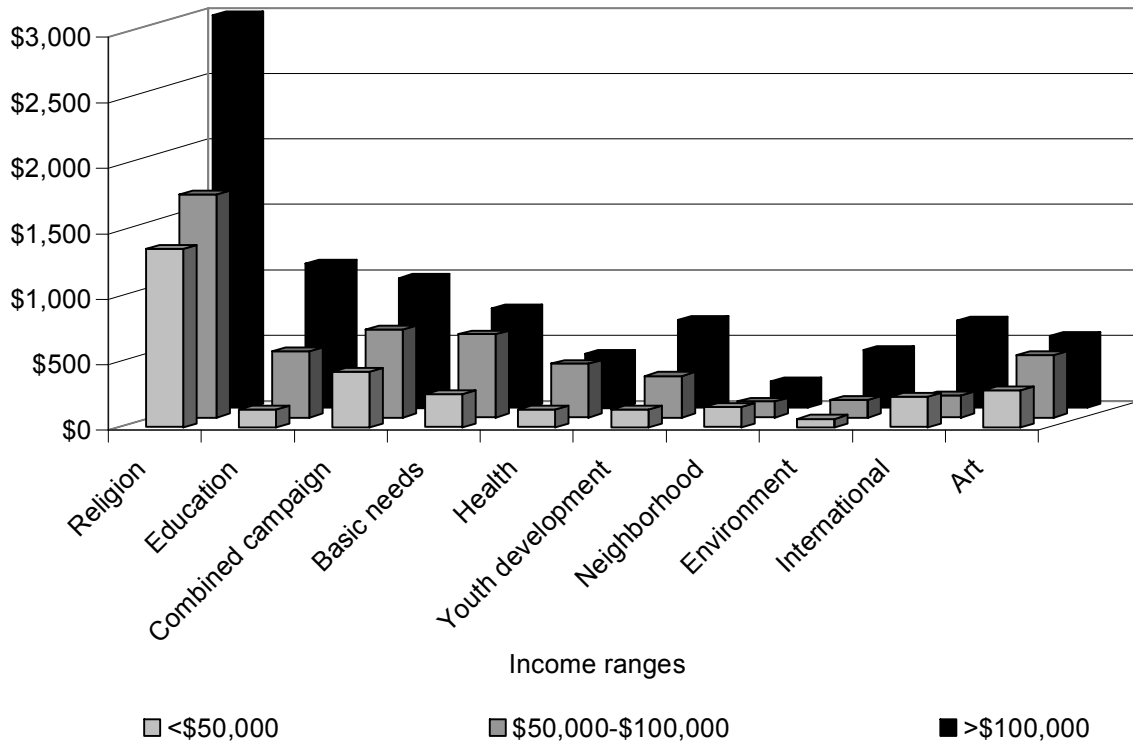
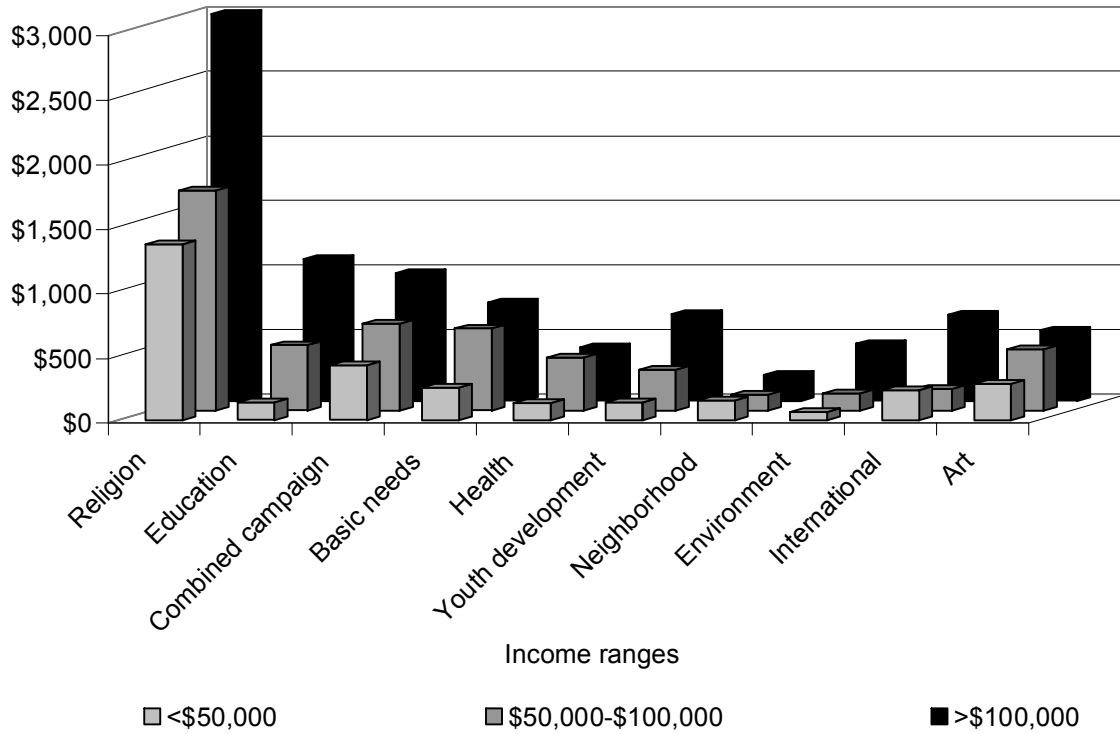


Figure 8

Amount donated by type of recipient, by income range, Indiana Donors, 2003



Higher levels of education usually result in higher income, so it is not a surprise to see that households in which the head of household has a higher-than-average education level also give, on average, more than other households. Figure 9 shows average giving by Indiana donor households based on the education level of the head of household. Indiana residents follow the national pattern, with higher education levels corresponding to a higher likelihood of making contributions and a higher average donation among those donors.

Figure 9

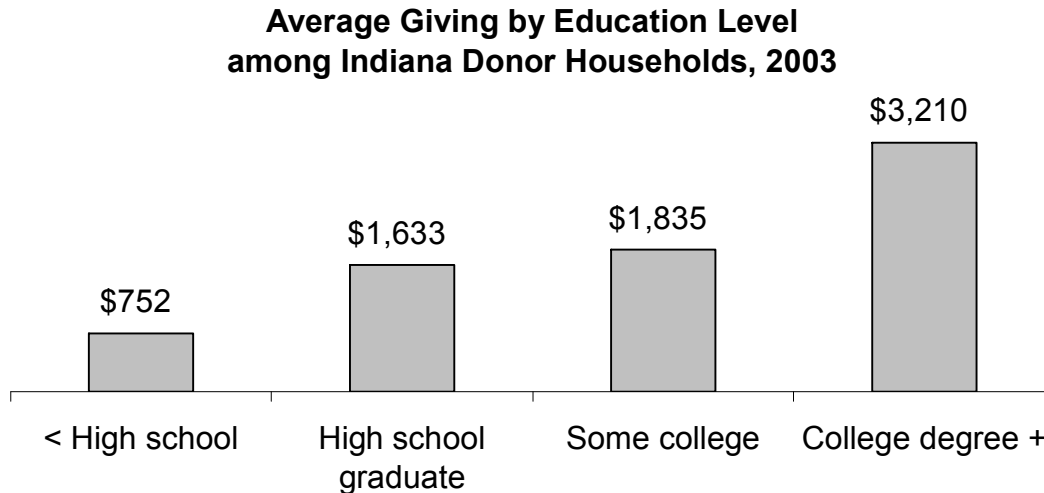


Table 4 shows average giving in the state of Indiana by education level compared with average giving nationally by education level.

Table 4
Giving by the Maximum Educational Level Attained by Head of Household, Indiana and U.S.*, 2003

Education	< High School		High school Graduates		Some College		College Degree +	
	Indiana	Nation	Indiana	Nation	Indiana	Nation	Indiana	Nation
Percentage of all households giving	35.9	44.3	69.6	65.4	81.6	72.7	90.3	82.9
Average donation among donors	\$752	\$1,081	\$1,633	\$1,541	\$1,835	\$1,911	\$3,210	\$2,702

* National data from the Center on Philanthropy Panel Study; 2002 dollar values adjusted for inflation to 2003.

The highest rate of giving among all education levels was among people with a college degree, 90.3 percent of whom in Indiana reported contributions to charity in 2003. The average total gift of college graduates was \$3,210. This is higher than the national participation rate of 82.9 percent and a higher average gift than the inflation-adjusted national average of \$2,702.

Those with some college experience were slightly less likely than those with a college degree or more to give, and gave a significantly lower amount, with 81.6 percent donating an average of \$1,835. As with those with a college degree, a higher percentage of Indiana residents than national residents contribute. However, Indiana residents with only some college experience averaged a slightly lower annual gift than their national counterparts.

Indiana respondents with a high school diploma reported a lower participation rate (69.6 percent) than those with more education. Their average annual giving of \$1,633 was also lower than Indiana residents with more education. However, Indiana high school graduates had higher participation rates and a higher level of giving than did their national counterparts. Nationally, only 65.4 percent of high school graduates with no college experience donate, with average giving lower, at \$1,541 (adjusted for inflation).

Only 35.9 percent of Indiana residents with less than a high school diploma reported making contributions in 2003. Average annual giving by those donors also fell well below the average of Indiana as a whole, at \$752. Nationally, a higher percentage (44.3 percent) of those with less than a high school education report giving, and the national average gift level for high school graduates of \$1,081 (adjusted for inflation) was also much higher than the Indiana average.

The survey also showed a connection between the age of donors and the amount they gave, as well as their giving priorities. Figure 10 compares the average annual giving for those Indiana-area residents under 40, those 40 through 65 years old, and those older than 65.

Figure 10

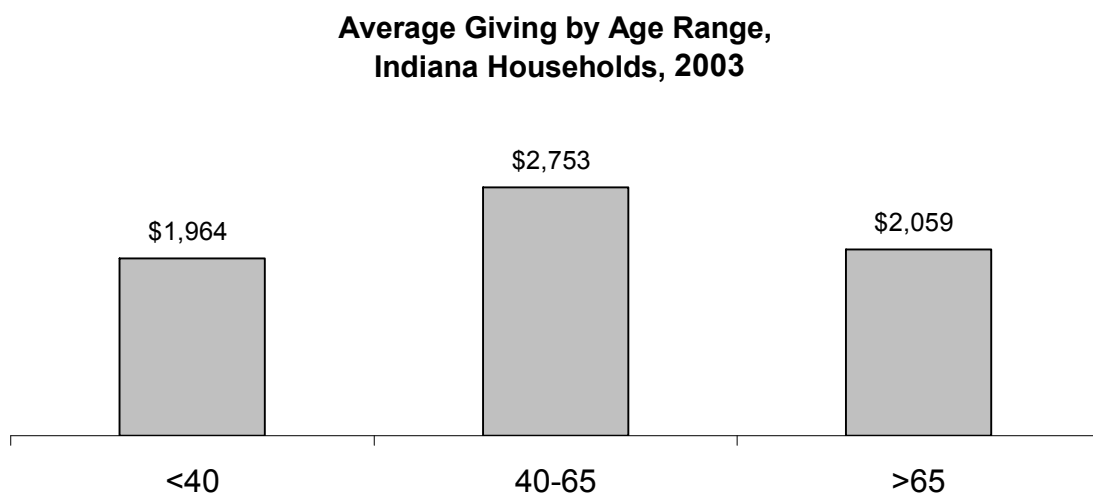


Table 5 compares Indiana giving by age group with national data from the Center on Philanthropy Panel Study, which surveyed households in 2001 about contributions in 2000. The national data have been adjusted for inflation to 2003 to be comparable to Indiana contributions made in 2003.

**Table 5
Giving by Age Range
Indiana and the U.S.*, 2003**

Age	<40		40–65		65 +	
Locale	Indiana	Nation	Indiana	Nation	Indiana	Nation
Percentage of all households giving	72.0	56.5	86.8	71.7	69.9	73.7
Average donation total	\$1,964	\$1,180	\$2,753	\$2,292	\$2,059	\$1,973

* National data from the Center on Philanthropy Panel study, 2002 dollar values adjusted for inflation to 2003.

Among Hoosiers, the most generous age range includes individuals between 40 and 65 years old. Nearly 87 percent of individuals aged 40 to 65 reported making gifts to charitable causes in 2003, with the average total giving from those donors at \$2,753. This is significantly higher than the \$2,059 average total giving by Indiana individuals over 65, of whom only 69.9 percent donated to charity. Giving by donors under age 40 was far lower, with an average contribution of \$1,964, but their participation rate (the share of those who give) was very similar to those over 65, at 72.0 percent.

All but the oldest age cohort were more likely to give and to give larger amounts than the same age groups in the comparable national studies. Indiana residents in the youngest cohort gave more than 65 percent more than the national average (\$1,964 versus \$1,180). Indiana donors aged 40 to 64 gave about 20 percent more than donors in that age range gave nationally (\$2,753 compared with \$2,292). Indiana donors over age 65 gave about 4 percent more (\$2,059 compared to \$1,973).

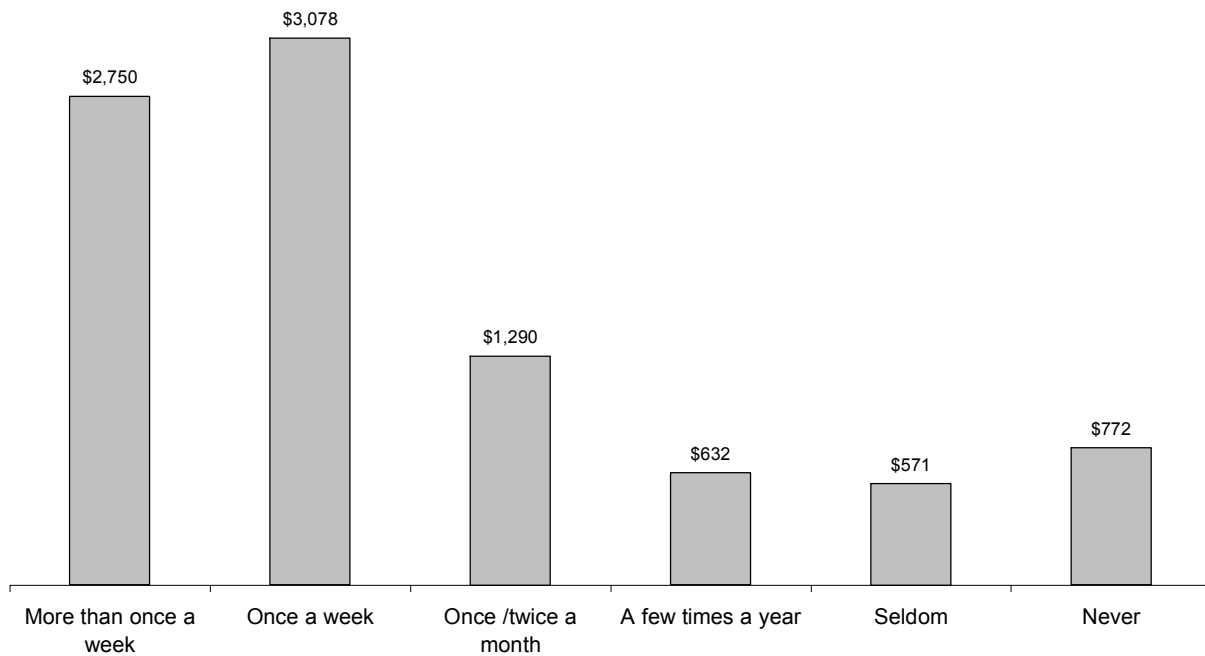
Indiana Gives found no significant difference in giving by race when age, income, and education level were considered along with giving. At first glance, it appears that white Indiana residents give more than minorities residing in the state. However, Center on Philanthropy scholars who have analyzed data from a study called *America Gives*, which showed that among all Americans, when income, age and education are held constant—creating groups that differ only by race—there is no significant difference in the total giving of individuals by different races. This suggests the different averages are due to differences in income and education, not race.⁴ Indiana gives similarly found that when other factors are held constant differences in giving by race do not appear significant. Therefore, the perceived difference in giving by race is actually due to differences in income and education.

Like race, gender presents a complex picture of giving. *America Gives* showed that when men and women of similar age, income, and education are compared, single women are more likely to give and to give more money than single men. Marriage is another factor that tends to blur gender divisions in giving. Nationally, married couples gave amounts similar to single men, but were more likely than single men to give at all (after controlling for income, education, and age).⁵ A similar analysis of Indiana residents found no significant difference in giving patterns when married couples, single men, and single women of similar backgrounds were compared.

Numerous studies have shown a strong link between religious practice and total giving.⁶ *Indiana Gives* finds that among those who attend religious services, frequent religious attendance is associated with higher levels of giving, although there is little difference in the giving totals for those who report attending “a few times a year,” “seldom,” or “never.” Figure 11 shows total household giving for 2003 averaged by frequency of reported attendance at worship services.

Figure 11

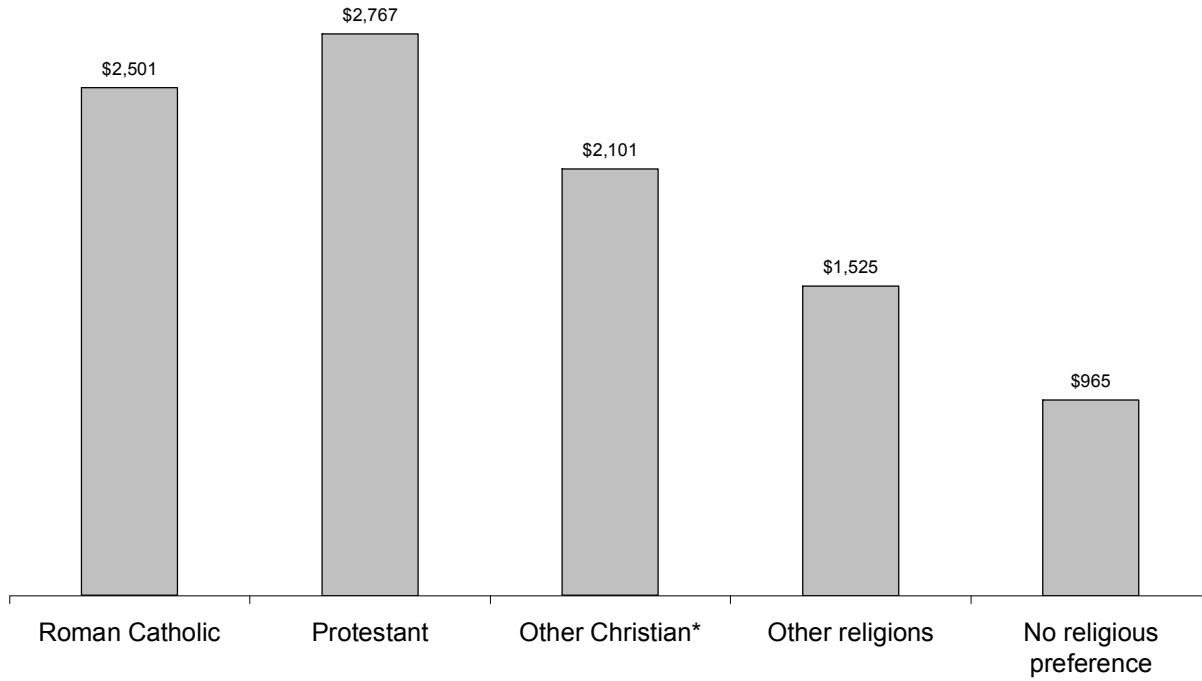
Average Giving Total by Frequency of Attendance at Religious Services, Indiana Donor Households, 2003



Total giving to all causes also varies by religious affiliation. Figure 12 illustrates that people who stated they were Protestant reported the highest average total amount donated in 2003 (\$2,767), followed by Roman Catholic (\$2,501), “Other Christian” (\$2,101), “Other religions” (\$1,525), and “No religion” (\$965). “Other Christian” includes survey respondents who did not report being Protestant or Catholic but still identified themselves as Christian. The sample of 736 was not large enough to analyze giving by other faiths separately because there were only a few respondents claiming a specific faith other than Christianity.

Figure 12

Average Giving Total
Indiana Donor Households, 2003



* Respondents selected one of the following from a list of possibilities: Mormon/Latter Day Saint, Quaker, Jehovah's Witness, Mennonite, or nondenominational Christian.

Indiana residents are inspired by religious beliefs to give. Religious beliefs are a major motivation for giving for 51.6 percent of respondents. On the opposite end of the spectrum, the least-cited major motivation is “employer asked,” which was named by only 5.1 percent of respondents as a major motivation.

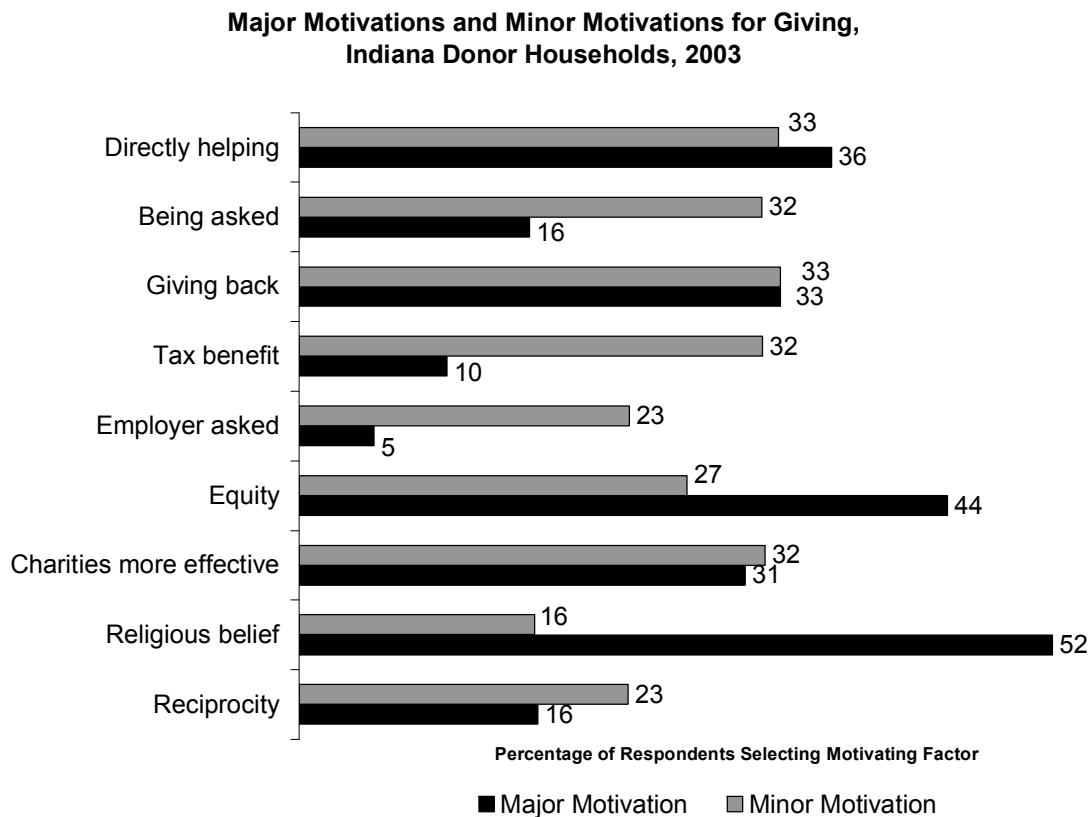
Table 6 shows the percentage of respondents selecting each possible motivating factor as a major motivation or a minor motivation, the key words identifying that factor on the graphs that follow and the survey question those words represent. Equity was more frequently selected than any other item as either a major or minor motivating factor for giving. With 44 percent of respondents identifying “equity” as a major motivation and 27 identifying it as a minor motivation, “equity’s” total is 71 percent, which was followed by “directly helping” at 69 percent, and “religious belief” at 68 percent. The factors with the lowest totals were “tax benefit” (42 percent); “reciprocity” (39 percent); and “employer asked” (28 percent).

Table 6
Motivations for charitable giving, Indiana, 2003

Percent selecting as major or minor	Key words on graphs 13 and 14	Survey question:
		How much of a motivation is:
69	Directly helping	Helping individuals meet their material needs
47	Being asked	Being asked to give by a friend or associate
66	Giving back	Giving back to society
42	Tax benefits	Tax benefits
28	Employer asked	Being asked by your employer
71	For equity	Feeling that those who have more should help those with less
62	Charities more effective	The belief charities can provide public services more effectively than governments or private businesses can
68	Religious belief	Religious beliefs
39	Reciprocity	The fact a charity helped you, your friends or family

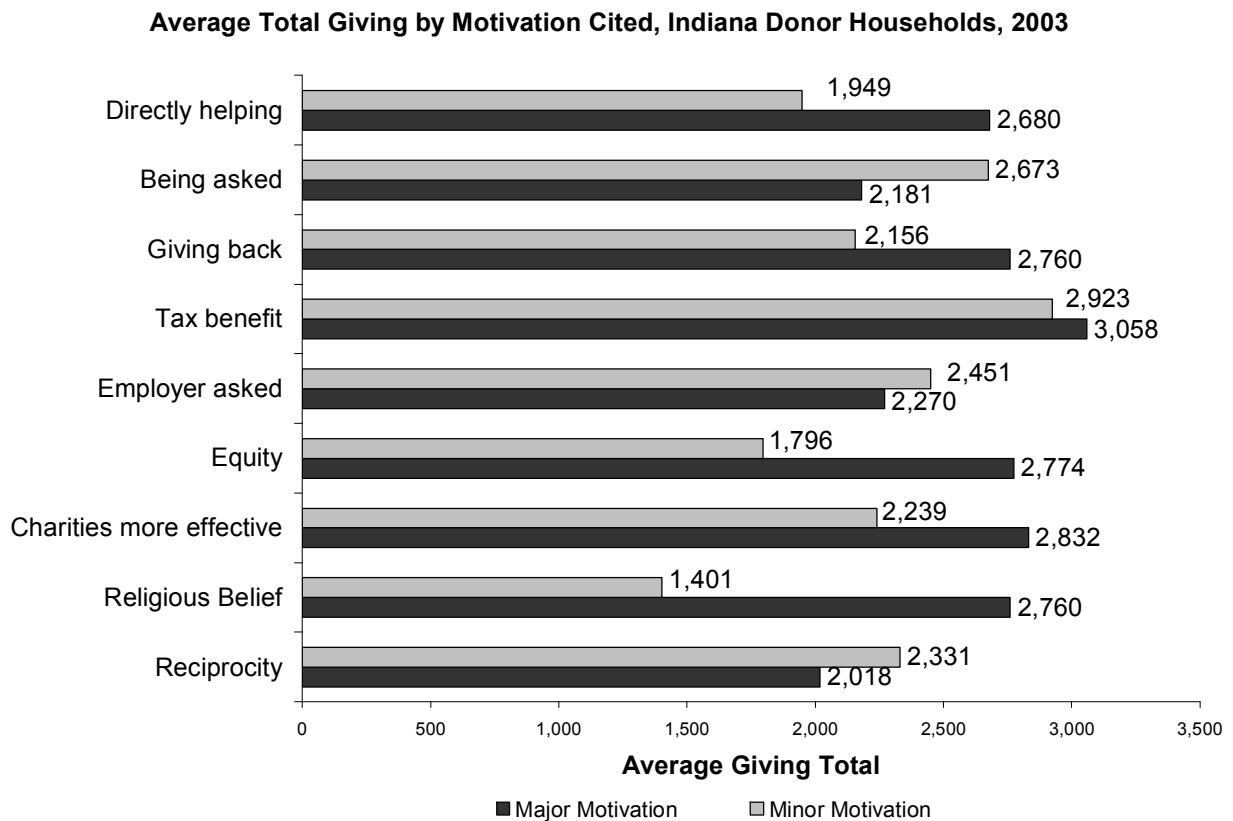
Figure 13 shows the percentage of respondents who cited each possible motivating factor as a major motivation or a minor motivation.

Figure 13



The average gift total varied by motivating factors selected. Figure 14 shows the average gift total for respondents who selected each of the motivating factors as either a major motivation or a minor motivation.

Figure 14



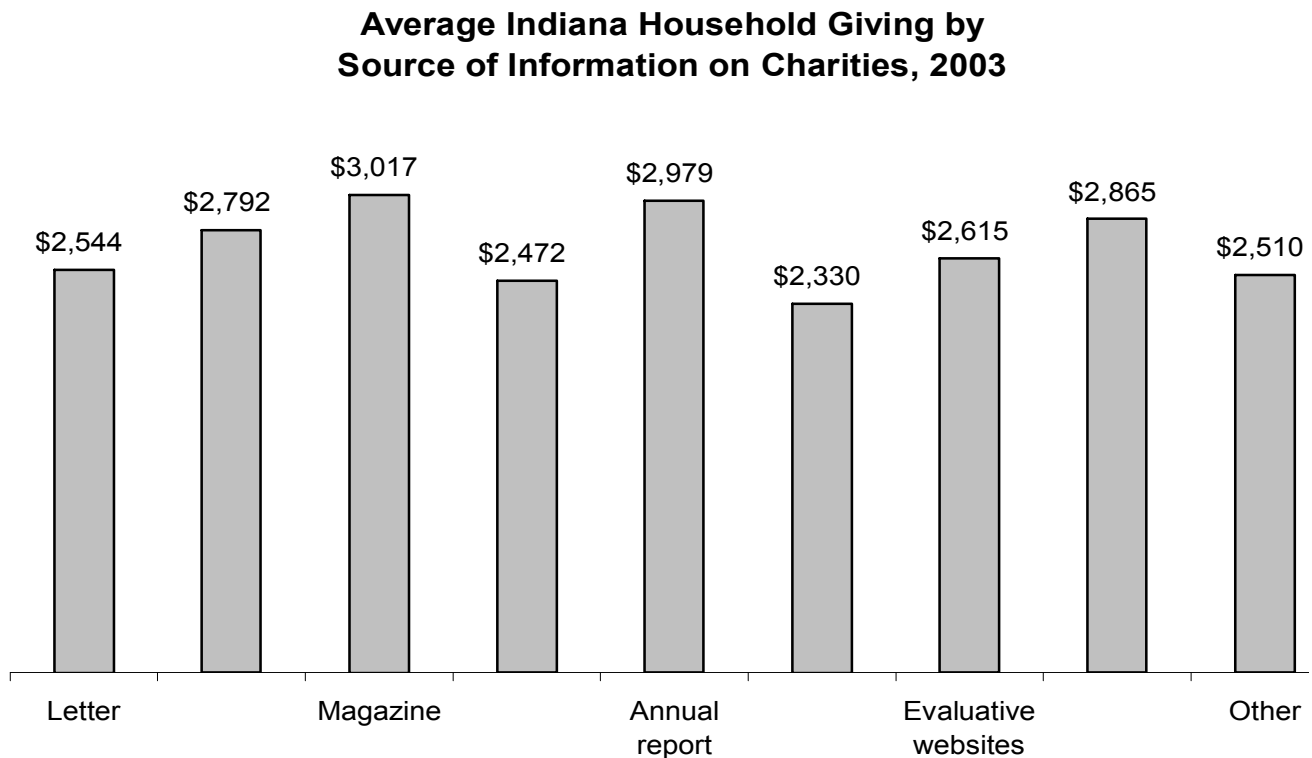
Those with the highest gift total (\$3,058) were the small percentage of respondents (10 percent) who identified “tax benefit” as a major motivation. The second-highest average giving (\$2,832) total came from the 31 percent of donors who cited as a major motivation their perception that charities are more effective than government or business at delivering services. Equity (\$2,774) garnered the third-highest average giving total. Equity was a major motivation for 44 percent of the respondents. The lowest average giving total for a major motivation for giving was reported by the 16 percent of donors who said “reciprocity” was a major motivation.

Information about charities was critical to donors’ decision-making.

Donors who used third-party information, generated by a source other than the charity itself, reported the highest average total giving. These donors said that they utilized magazines or annual reports of charitable organizations in their decision-making, and the average gift totals were \$3,017 and \$2,979, respectively. Donors reporting personal research as the source of their information about charities had the third-highest average contribution at \$2,865. Newspaper reports were also highly valued, with newspaper readers giving an average total contribution of \$2,792 in 2003.

Figure 15 shows average total giving by source of information. A very few respondents (1 percent) identified no source of information consulted. Those donors contributed, on average, a total of \$1,354 in 2003, and 96 percent of their giving was for religion.

Figure 15



In this question, “evaluative websites” included online resources such as Guidestar.org, the Charity Navigator, Give.org, which is a service of the Better Business Bureau, and other entities that rate or evaluate charities.

Conclusions

The average annual donation among Indiana households is high, in part because such a high percentage of the population contributes to charitable organizations or congregations. Religious beliefs are a strong source of motivation for giving, as is a sense of equity—that those with resources should share them with others. As is true in other parts of the U.S., Indiana residents with higher incomes and higher levels of education are more likely to give and give more than do households with income below \$50,000 or education below college-level.

Nearly 80 percent of Hoosiers reported making contributions to congregations and nonprofit organizations in 2003, compared with 67 percent nationally. The end result is that the average total amount given by all Indiana households (including those that gave nothing to charity) is slightly higher than total average giving for households nationally.

Donor households in Indiana gave, on average, slightly less than donors nationally, but a higher percentage of households in Indiana gave to charity in 2003 than would be expected from national trends. The difference lies in higher percentages of Indiana donors under age 65 that give, compared with donors under age 65 nationally.

Priorities among Hoosier donor households mirror those of national donors. The highest percentage of gifts in both Indiana and the United States goes to religious causes, accounting for nearly half of household giving in Indiana and approximately 62 percent nationally. Most gifts made by Indiana residents stay in Indiana, with approximately 79 percent of all charitable dollars given by households in the state going to local organizations.

Notes to Chapter 2: Individual Giving

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- ¹ Mark O. Wilhelm, associate professor of economics and philanthropic studies at IUPUI, in "The Distribution of Giving in Six Surveys," examines six major household surveys of giving and attempts to trace the differences in their measurements to underlying differences in survey methodology. Preliminary analysis of the results from the newest survey, the Center on Philanthropy Panel Study (COPPS), shows that nearly every respondent (98.5 percent) answered all the survey questions about charitable giving. In other surveys, this figure can be as low as two-thirds. Just as important, the COPPS seems to be the only survey to obtain measurements of giving, among respondents who contribute very large amounts, which are similar to those obtained by the Filer Commission's National Study of Philanthropy (1974). The success of the COPPS in these two dimensions is probably due to the design of the questionnaire; the use of interviewers experienced in asking about financial issues; and the respondents who, through their experience as participants in a long panel study, also are accustomed to answering questions about financial matters. These advantages, combined with the sample size of 7,406 households, make the COPPS a good tool for evaluating giving.
- ² Center on Philanthropy Panel Study result for the year 2002, with data gathered in 2003, adjusted here for inflation to reflect equivalent value for 2003. Calculations done at the Center on Philanthropy at Indiana University.
- ³ Similar regional studies of Memphis and St. Louis in 2003 showed similar distributions. See *Memphis Gives 2003*, and *Private Dollars for Public Good: A Report on Giving in the St. Louis Region*.
- ⁴ Patrick M. Rooney, Debra J. Mesch, William Chin and Kathryn S. Steinberg, The effects of race, gender, and survey methodologies on giving in the US, *Economics Letters*, Volume 86, Issue 2, February 2005, Pages 173-180.
- ⁵ *ibid.*
- ⁶ INDEPENDENT SECTOR, *Faith and Philanthropy* and data under analysis currently from the Center on Philanthropy Panel Study (COPPS), among others.

Indiana Gives 2004

Individual Giving in Indianapolis

Highlights

- ❖ 79.9 percent of Indianapolis households surveyed gave charitable gifts in 2003.
- ❖ Donors in the state's capital region gave an average of \$1,955, slightly above the state-wide average of \$1,872.
- ❖ The average donation for all households in Indianapolis, including the 20 percent who gave nothing, was \$1,543 per household.
- ❖ Indianapolis-area donors gave an estimated \$1.06 billion of the total amount estimated for Indiana.

Indianapolis is the center of the state's largest metropolitan area, the state's capital city, and a centrally located hub for statewide business and industry. The Indianapolis metropolitan statistical area (MSA), which encompasses Marion County and nine nearby counties,¹ accounts for roughly 25.8 percent of the state's entire population, with 1.6 million of Indiana's 6.2 million residents living in these counties. The principal differences between the two populations are relatively small. The Indianapolis area is slightly more diverse ethnically, has a higher percentage of people with a bachelor's degree, and has a higher median per capita income than the rest of the state.

Indianapolis is home to a slightly more diverse population than the rest of the state. Roughly 82 percent of the Indianapolis-area population is white, compared with 85 percent of the population of Indiana. The share of the Indianapolis area's population identifying themselves as Black or African American was 14 percent, and 8 percent of all Indiana residents identified themselves as Black or African American.

Indianapolis-area residents tend to have higher levels of education. In the Indianapolis area, approximately 28 percent of residents had received a bachelor's degree, while only 21 percent of Indiana residents in general had reached that level of educational attainment.

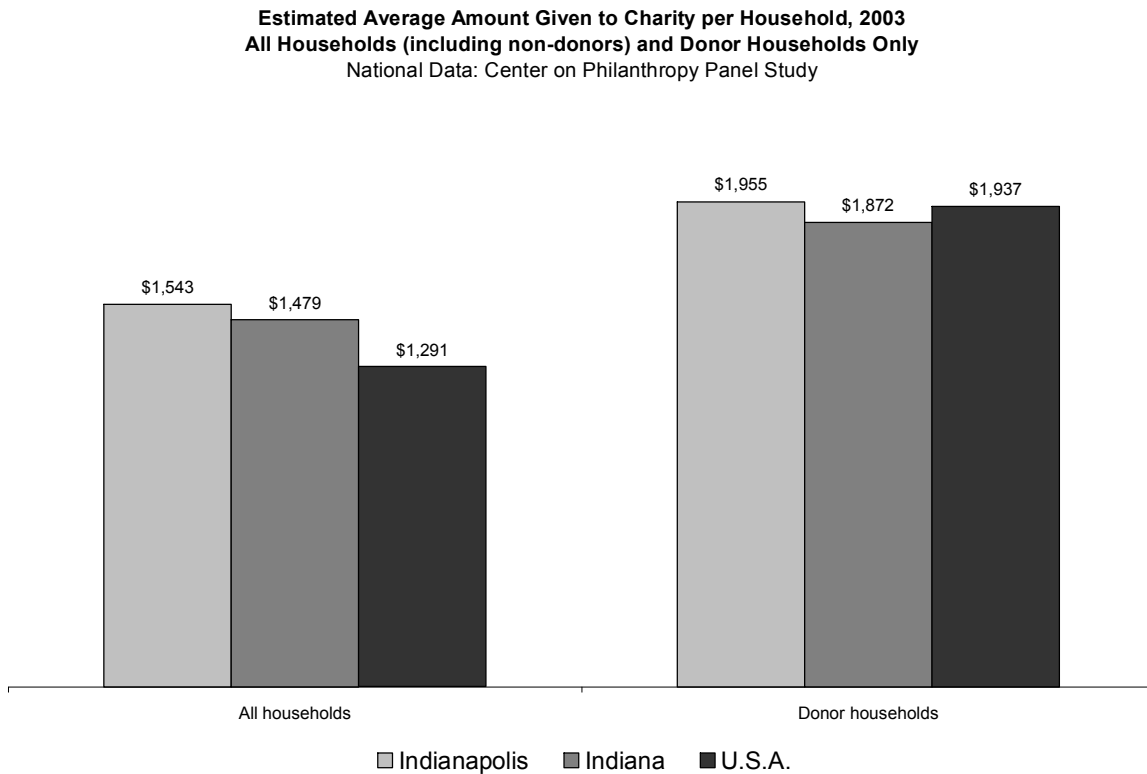
On average, Indianapolis residents earn more than other state residents. The median per capita income earned by residents of the Indianapolis MSA in 2003 was \$33,618. That is slightly above the national per capita average of \$31,459. The median income of all households in Indiana, at \$28,797 in 2003, was below the national average and the average for Indianapolis. This factor may be critical in explaining differences in giving between the two populations because higher income generally corresponds to higher levels of giving.²

Indianapolis and Indiana residents are more likely than the rest of the nation to give. Indianapolis-area residents and all residents of Indiana were equally likely to make charitable donations in 2003. Nearly equal portions of both populations reported making donations to charity, with 79.9 of Indianapolis-area respondents reporting charitable contributions and 79.1 percent of respondents elsewhere in the state doing likewise. Both Indiana and Indianapolis exceeded the 67 percent of all Americans who donate to charity according to the Center on Philanthropy Panel Study.

On average, donors in the Indianapolis area give more than donors in the rest of the state, and the average amount donated by Indianapolis-area residents is slightly above national averages. On average, Indianapolis-area donors gave \$1,955 to all causes in 2003, which was 4.4 percent more than the average of \$1,872 given by donors statewide. Compared with donors throughout the U.S., Indianapolis-area donors contributed 0.9 percent more. Nationally, donors contributed an estimated average of \$1,937 in 2003.

Figure 1 compares the average giving of Indianapolis-area, Indiana, and U.S. households. When all households are considered, including the 20 percent in the Indianapolis area who gave nothing, the average giving among Indianapolis-area households is \$1,543, which exceeds the Indiana average of \$1,479 by 4.3 percent. Because so many households in the Indianapolis area and elsewhere in Indiana contribute, the average when non-donor (zero donations) households is included surpasses the national average of \$1,291.

Figure 1



In general, Indianapolis-area donors' giving priorities are consistent with national and statewide priorities. Individual donors nationally, in Indiana as a whole, and in the Indianapolis area specifically, gave the largest share of their donations to religious organizations. Although donors in Indiana and the Indianapolis area devoted a slightly smaller share of household giving to religious organizations than donors nationally, roughly half of all donations given by individuals in Indianapolis and Indiana still went to religious causes.

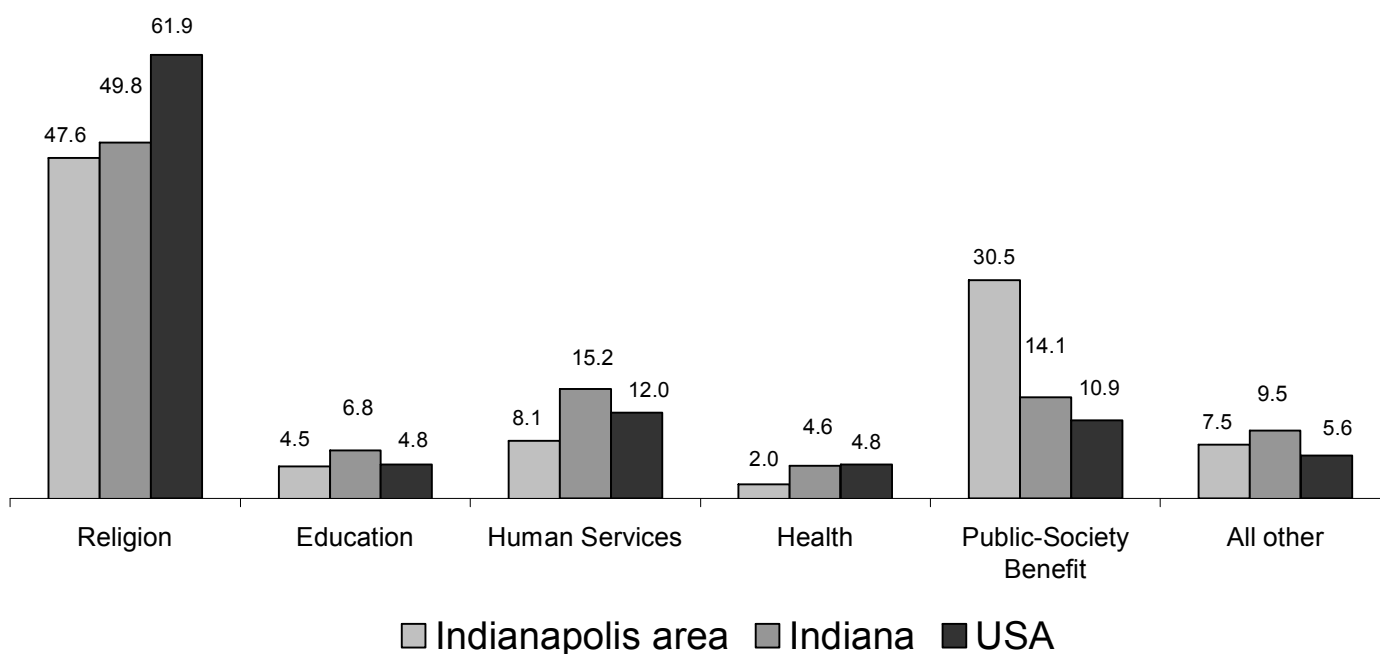
The most significant difference between Indianapolis-area donors and those elsewhere in Indiana is the significantly higher rate of support for public-society benefit organizations. Over 30 percent (30.5 percent) of individual donations made in the Indianapolis area went to this subsector, nearly tripling the share of national household donations going to similar causes and doubling the share donated by all Indiana donors to public-society benefit groups. Public-society benefit includes United Way, community foundations, donor-advised funds created by financial institutions, and other collective fundraising efforts.

Indianapolis donors gave 8.1 percent of all their donations to human service organizations, below the 12.0 percent of national household giving going to human service organizations. In contrast, more than 15 percent (15.2 percent) of giving by individuals elsewhere in Indiana supported human service organizations.

Figure 2

**Estimated Percentage of Gift Dollars by Type of Recipient
Indianapolis area, Indiana, and USA Donor Households, 2003**

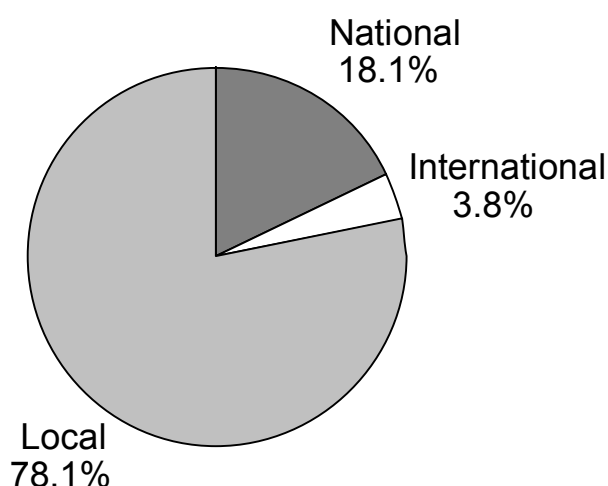
National Data: Center on Philanthropy Panel Study



The vast majority of gifts made by Indianapolis-area residents are directed to Indianapolis organizations. As illustrated by Figure 3, respondents reported 78.1 percent of their contributions in 2003 were given to organizations in the Indianapolis area. Most of the rest, 18.1 percent, went to organizations elsewhere in the U.S., and the final 3.8 percent went to international organizations. While there is no nationally comparable figure, this distribution closely follows findings of similar surveys completed in other regions in the country, and most importantly *Indiana Gives* data for the state of Indiana as well.³

Figure 3

Giving to local, national, and international organizations by Indianapolis-area households, 2003



Factors that influence giving

A number of economic and social factors play a role in how much households and individuals give to charity in a year. *Indiana Gives* provides comparisons of giving based on income range, as a percentage of income, education level, age, gender, religious affiliation, frequency of attendance at worship, links between religious beliefs and giving, and motivations for giving.

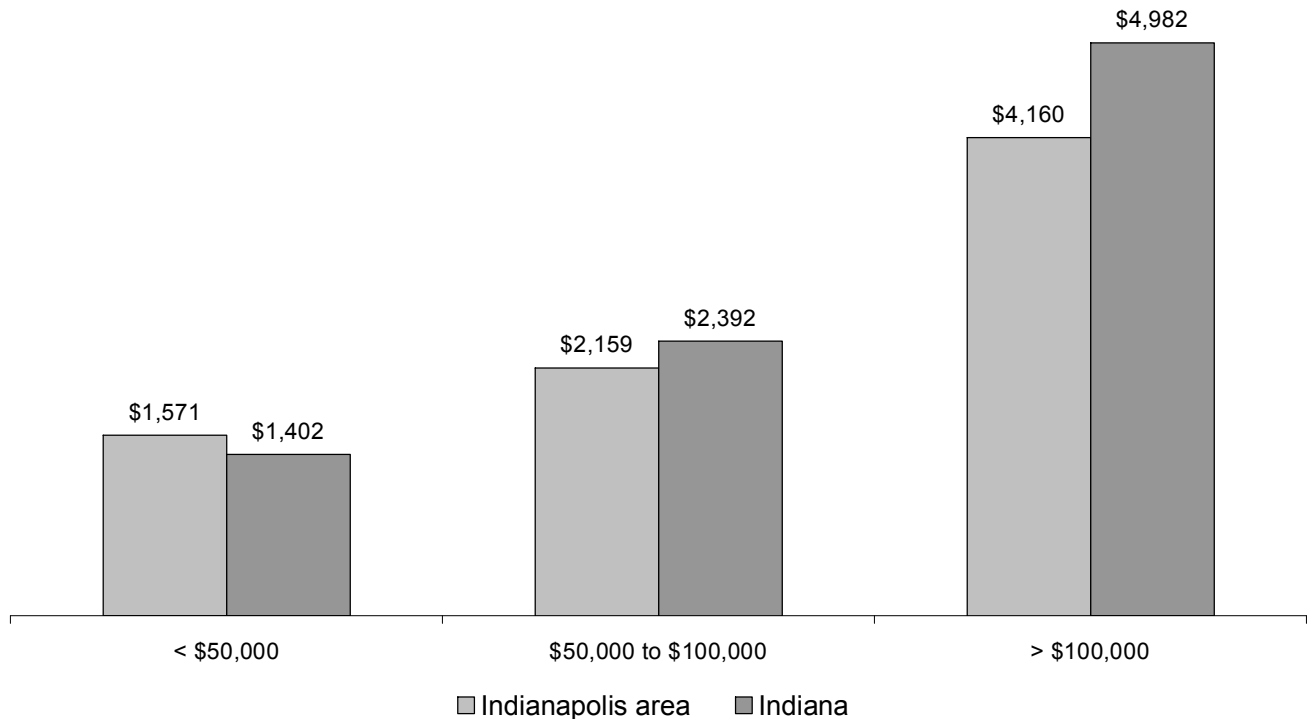
Income level is directly associated with charitable giving, locally, nationally and regionally. The data from Indianapolis-area households further reinforces this statement. Households with the highest income are the most likely to give and give the most.

Figure 4 compares the mean gifts for each income bracket in the Indianapolis area with giving by people in the same income brackets but living elsewhere in the state. Note that households with incomes of \$50,000 and above give less on average than do donors elsewhere in Indiana with

incomes above \$50,000. In fact, households with incomes of \$100,000 or more in the Indianapolis area give 20 percent less than do households elsewhere in the state with income above \$100,000. This might reflect the higher cost of living in the Indianapolis area (resulting in less discretionary income available for giving) or it might reflect a difference between the social connections and engagement of people in an urban area and the social connections of people in smaller communities. In the Indianapolis area, the lowest income group (income below \$50,000) gave an average amount that is 11 percent above the statewide average of \$1,402 per donor household. This could be because a higher percentage of the households with incomes below \$50,000 in the Indianapolis area had incomes at the upper end of the range of \$0 to \$50,000.

Figure 4

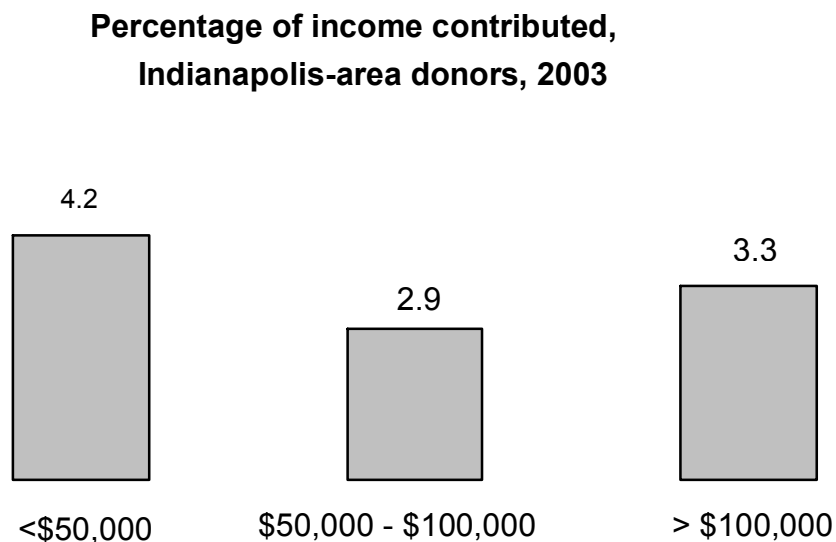
Average giving total by household income range, Indianapolis-area and Indiana donors, 2003



Nearly every high-income household gives. In the Indianapolis sample, 98.2 percent of respondents with an annual income of \$100,000 or more reported making gifts in 2003. Of households with annual incomes between \$50,000 and \$100,000 per year, 89.0 percent reported making contributions to charity. The lowest annual household income range, \$50,000 or less, had the lowest percentage of donors (67.4 percent). These participation rates in giving are comparable to the national and statewide rates.

Low-income donors give a higher percentage of income. Low-income households are less likely to contribute than are high-income households, but when they do, they give a higher percentage of their income. About 67 percent of Indianapolis households with incomes below \$50,000 reported making contributions. These donors donated approximately 4.2 percent of their annual income. Households with annual incomes between \$50,000 and \$100,000 donated 2.9 percent of their income. Donors from the highest annual income group with \$100,000 or more gave a slightly higher percentage of their earnings to charity, donating 3.3 percent of their gross income. Figure 6 compares average giving as a percentage of income between these three income groups.

Figure 5



Households where the head of household has a higher education level also give, on average, more than other households. This is not a surprise because education level is closely linked to income level. The higher education levels and high income levels in Indianapolis are likely to be one of the prime reasons why the average giving among Indianapolis-area donors exceeds that of all Indiana donors. Figure 6 shows average giving by Indianapolis donor households based on the education level of the head of household. Indianapolis residents follow the national pattern with higher education levels corresponding to a higher likelihood of making contributions and a higher average among those donors.

Figure 6

**Average giving by education level
among Indianapolis area donor households
2003**

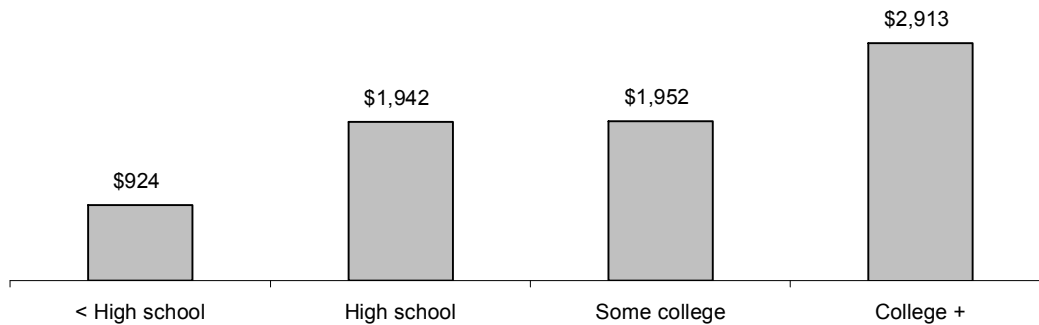


Table 1 shows average giving in Indianapolis by education level compared to average giving nationally by education level.

TABLE 1

Giving by the maximum educational level attained by head of household, Indianapolis area and U.S.* 2003								
Education	< High School		High School Graduates		Some College		College Degree +	
Locale	Indianapolis	Nation	Indianapolis	Nation	Indianapolis	Nation	Indianapolis	Nation
Percentage of all households giving	43.8	44.3	63.0	65.4	82.7	72.7	92.3	82.9
Average donation among donors	\$924	\$1,081	\$1,942	\$1,541	\$1,952	\$1,911	\$2,913	\$2,702

* National data from the Center on Philanthropy Panel Study, 2002 values adjusted for inflation to match 2003 data collected for Indiana.

The highest rate of giving among all the education levels was among people with a college degree, 92.3 percent of whom reported contributions to charity in 2003. The average total gift of college graduates was \$2,913. This is higher than the national participation rate of 82.9 percent, and a higher average gift compared to the inflation-adjusted average of \$2,702 for similar households nationally. This total is lower than the comparable figure of \$3,210 from all Indiana college graduates.

Those with some college experience were slightly less likely than those with a college degree or more to give and give a significantly lower amount, with 82.7 percent donating an average of \$1,952. As with those with a college degree, a higher percentage of Indianapolis residents than

national residents contribute. Indianapolis residents with only some college experience averaged a higher annual gift than their national counterparts.

Those respondents from the Indianapolis area whose education ended with graduation from high school reported a lower participation rate than those with some college or more, at 63.0 percent, and their average annual giving of \$1,942 was close to that of people with some college but far below that of Indianapolis-area residents with a college degree. Although in comparison to donors with only some college education the difference was minimal. Indianapolis high school graduates have similar participation rates combined with a higher level of giving compared to their national counterparts. Nationally, 65.4 percent of high school graduates with no college experience donate, with average giving much lower, at \$1,541 (adjusted for inflation) compared with the Indianapolis average of \$1,942.

Only 43.8 percent of Indianapolis-area residents with less than a high school diploma reported making contributions in 2003. Average annual giving by those donors also fell well below the average of the Indianapolis area as a whole, at \$924. Nationally, a slightly higher percentage of those with less than a high school education report giving, but the national average gift level for high school graduates of \$1,081 (adjusted for inflation) was higher.

Age is associated with the average giving of donors. In Indianapolis as in the nation and in the remainder of the state of Indiana, households headed by someone at the peak of his or her earning power are likely to donate more than other households. Figure 8 compares the average annual giving for those Indianapolis-area residents under 40, those 40 through 65 years old, and those older than 65.

Figure 7

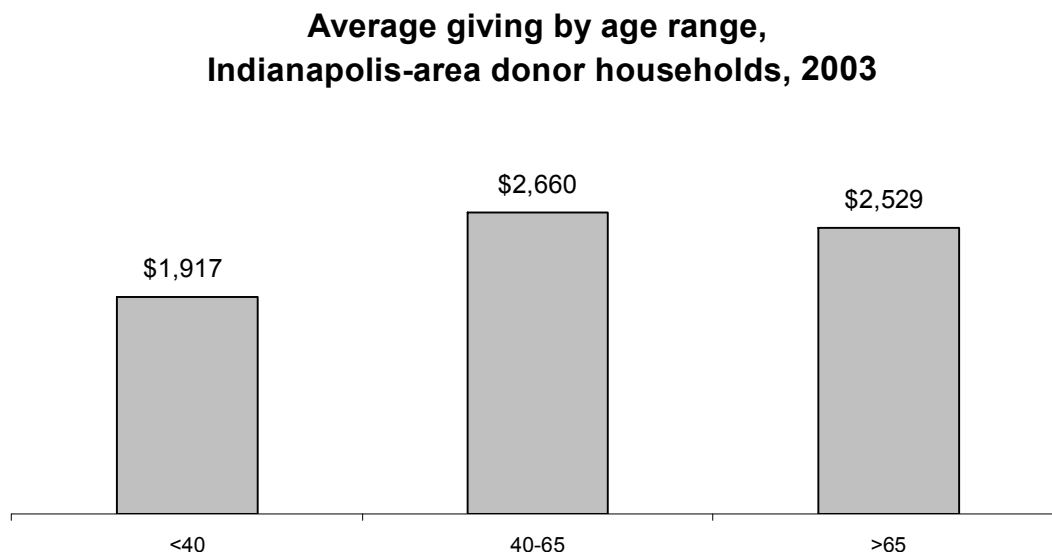


Table 2 compares Indianapolis giving by age group with national data from the Center on Philanthropy Panel Study, which surveyed households in 2003 about contributions in 2002. The

national data have been adjusted for inflation to be comparable to the amounts found in Indianapolis for contributions made in 2003.

Table 2

Giving by age cohort, Indianapolis area and the U.S.* 2003						
Age	< 40		40 – 65		65 +	
Locale	Indianapolis	Nation	Indianapolis	Nation	Indianapolis	Nation
Percentage of all households giving	75.8	56.5	83.1	71.7	77.4	73.7
Average donation total	\$1,917	\$1,180	\$2,660	\$2,292	\$2,529	\$1,973

* National data from the Center on Philanthropy Panel Study, \$ values adjusted for inflation.

Among the 83.1 percent of individuals between 40 and 65 years old who reported donations, the average giving total was \$2,660. This is slightly higher than the \$2,529 average total giving by individuals over 65, of whom 77.4 percent donated to charity. Giving by donors under age 40 was far lower, with an average of \$1,917 contributed, but their participation rate (share of those who give) was very similar to those over 65, at 75.8 percent. All age groups in Indianapolis exceeded national participation rates. Statewide, participation rates exceeded national rates for residents under 40 and those aged 40 to 65. The statewide rate of 69.9 percent for people aged 65 and above is statistically not different from the national rate (71.3 percent).

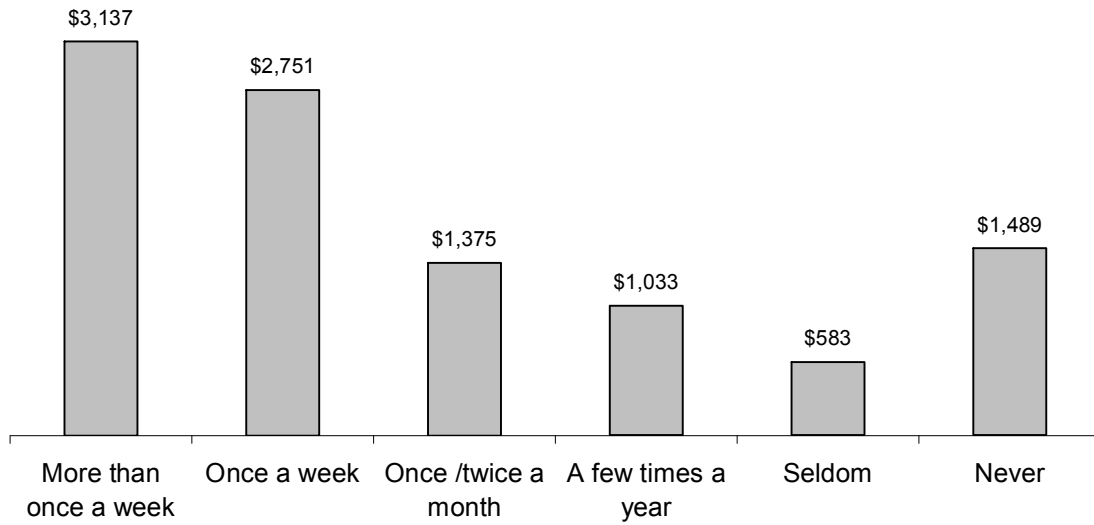
The biggest differences between Indianapolis-area donors and those in the U.S. as a whole is found in the average amount contributed by the youngest and oldest cohorts. Indianapolis residents under 40 gave more than 60 percent above the national average (\$1,917 vs. \$1,180), while those over 65 gave approximately 28 percent more than those in the same category nationally. Donors aged 40 to 65 in Indianapolis gave about 16 percent more than national donors in that age range.

Compared with donors elsewhere in the state, approximately the same percentages of Indianapolis-area donors aged less than 40 and aged 40-65 gave to charity in 2003, but the Indianapolis-area donors gave less, on average, than did donors from elsewhere in the state. By contrast, a far higher percentage of Indianapolis-area residents above 65 years of age gave than was found elsewhere in the state, and the Indianapolis-area gift total was 23 percent higher than donors elsewhere in the rest of the state.

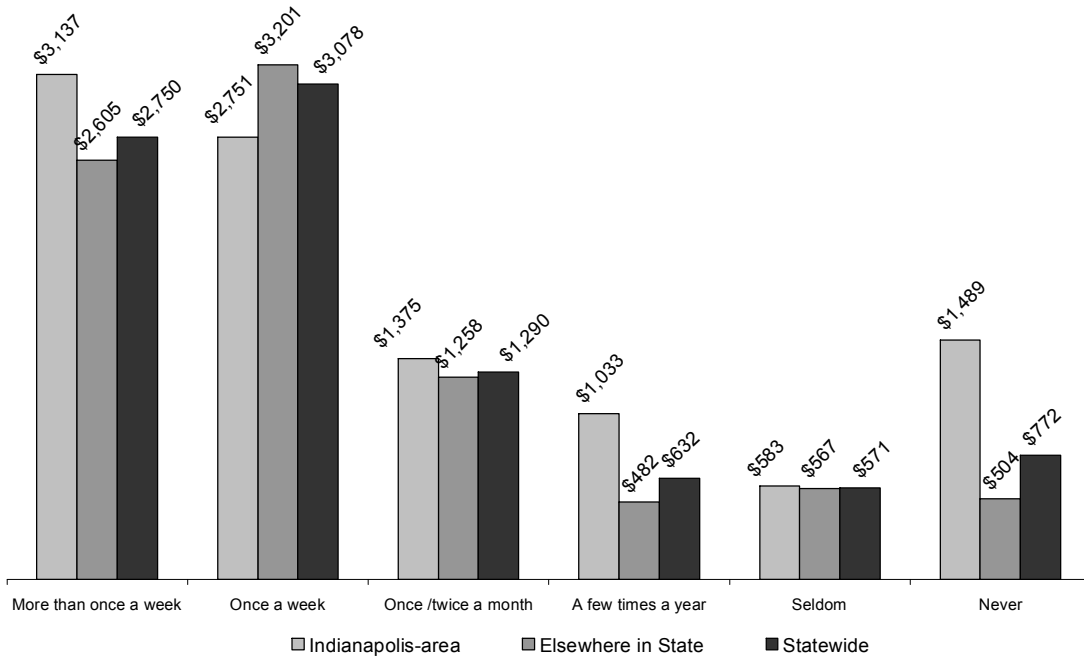
Numerous studies have shown a strong link between religious practice and total giving.⁴ Among those who attend religious service in the Indianapolis area, giving rises with increasing frequency of religious attendance. However, the average giving among those who never attend church exceeds those who attend less than once a week. Figure 8a shows total household giving for 2003 averaged by frequency of reported attendance at worship services.

Figure 7

**Average giving by religious attendance
by all Indianapolis-area donor households
2003**

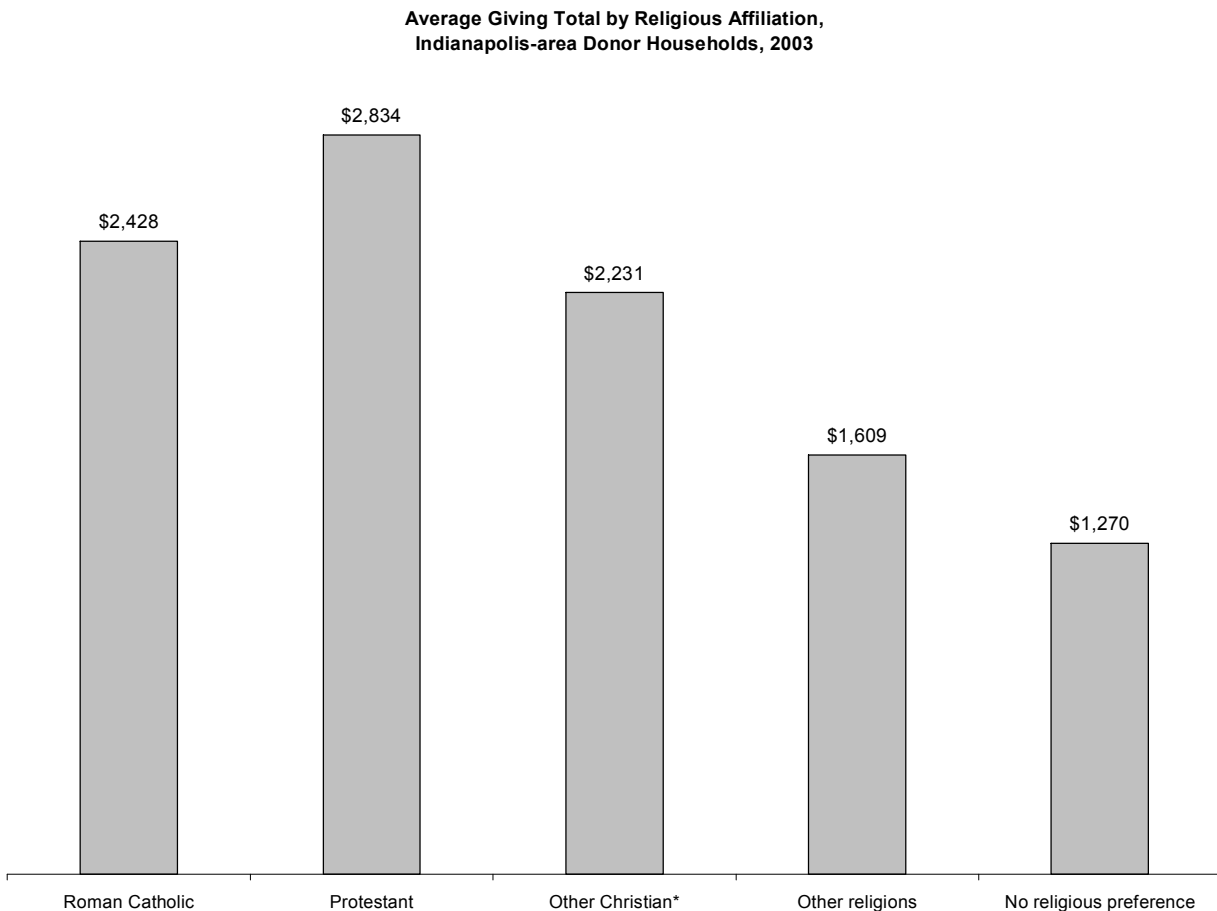


**Average Giving Total by Religious Attendance, Donors in Indianapolis, Elsewhere in Indiana,
and Statewide (Indianapolis+Rest of State), 2003**



Total giving by Indianapolis-area donors to all causes also varies by religious affiliation. Figure 8 illustrates that people who stated that they were Protestant reported the highest average total amount donated in 2003 (\$2,834), followed by Roman Catholic (\$2,428), “Other Christian” (\$2,231), “Other religions” (\$1,609), and “No religious preference” (\$1,270).

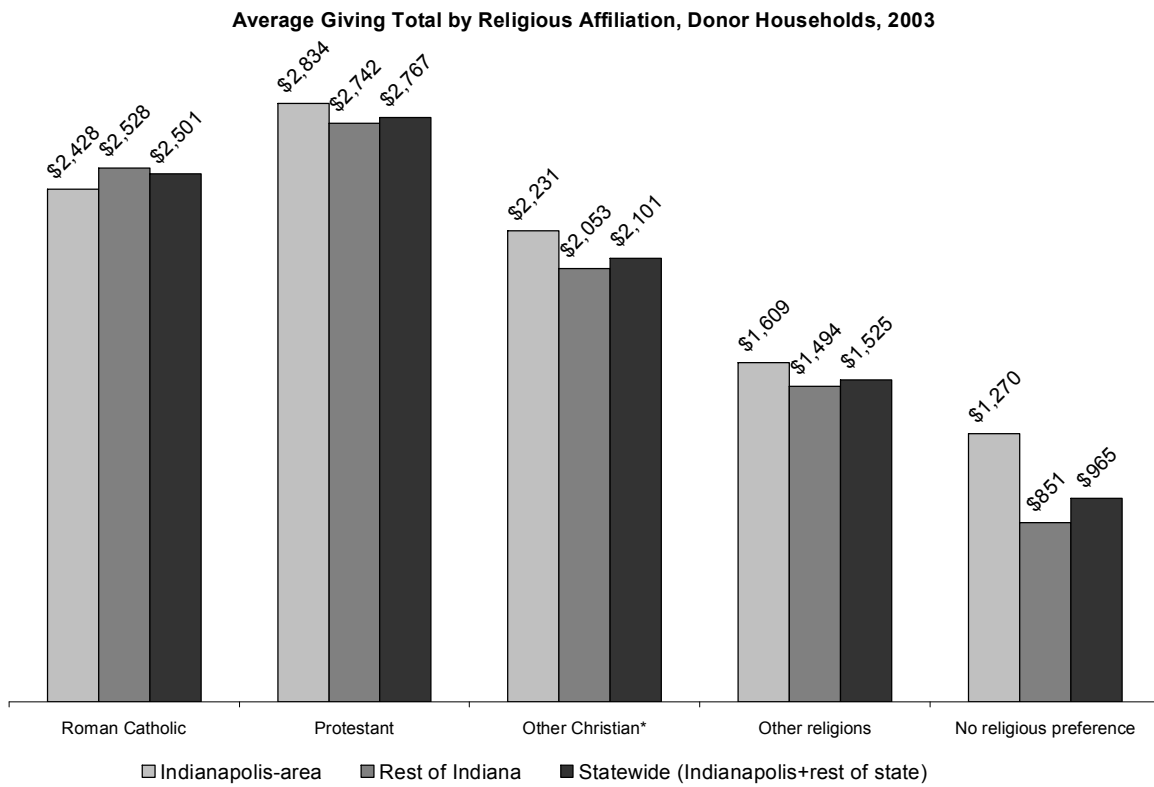
Figure 8



* Respondent selected one of the following from list of possibilities: Mormon/Latter Day Saint, Quaker, Jehovah’s Witness, Mennonite, or nondenominational Christian.

There is very little difference between Indianapolis-area donors and donors elsewhere in Indiana based on religious preference except for the donors that indicated “no religious preference.” For that group, donors in the Indianapolis area averaged a giving total of \$1,270, far surpassing the average giving total of \$851 elsewhere in the state among donors that had no religious preference. Figure 9 shows the average giving total for Indianapolis-area donors, donors from elsewhere in Indiana, and the combined average for the entire state (Indianapolis-area and the majority of Indiana donors living in other Indiana communities).

Figure 9



Motivations for Giving

The *Indiana Gives* survey asked households about a number of possible motivations for charitable giving. People in the survey could select major motivation, minor motivation, or not at motivation for each type of motivating factor. The percentage of Indianapolis selecting each possible motivating factors as either a major or minor motivation is shown on Table 3, which also presents the key words used for the motivating factors and the factors as they were worded on the survey.

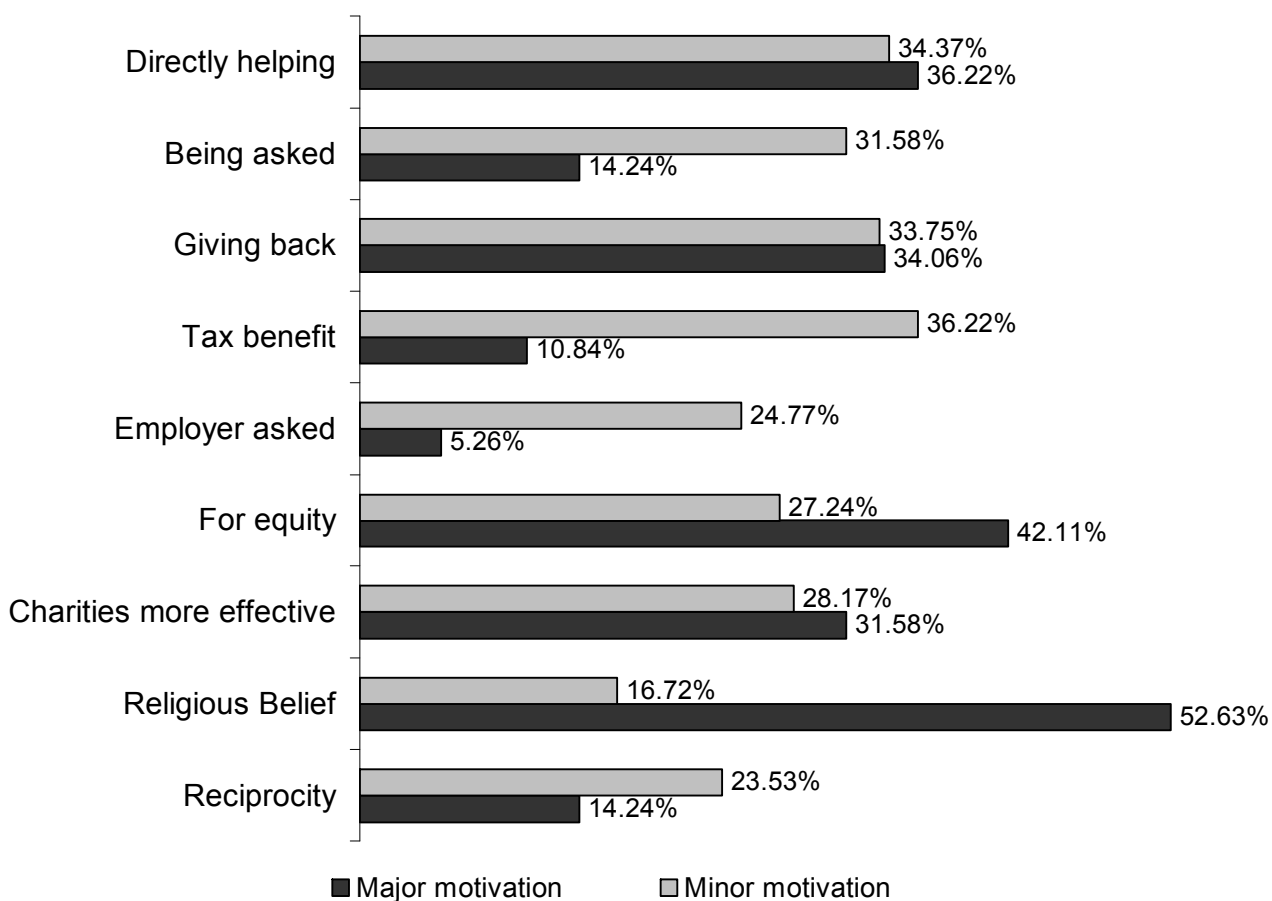
Table 3
Motivations for charitable giving, Indianapolis, 2003

Percent selecting as major or minor	Key words on graphs 10 and 11	Survey question: How much of a motivation is:
70.6	Directly helping	Helping individuals meet their material needs
45.8	Being asked	Being asked to give by a friend or associate
67.8	Giving back	Giving back to society
47.1	Tax benefits	Tax benefits
30.0	Employer asked	Being asked by your employer
69.3	For equity	Feeling that those who have more should help those with less
59.8	Charities more effective	The belief charities can provide public services more effectively than governments or private businesses can
69.3	Religious belief	Religious beliefs
37.8	Reciprocity	The fact a charity helped you, your friends or family

Indianapolis residents are inspired by religious beliefs to give. The motivating factor of religious beliefs was selected by 69.3 percent of Indianapolis donors as either a major or a minor motivation. It was the single largest major motivating factor, with 53 percent identifying it. Figure 10 shows the motivations and the percentage of respondents who selected each as a major or minor motivation.

Figure 10

**Percentage identifying motivating factor for giving,
Indianapolis-area residents, 2003**

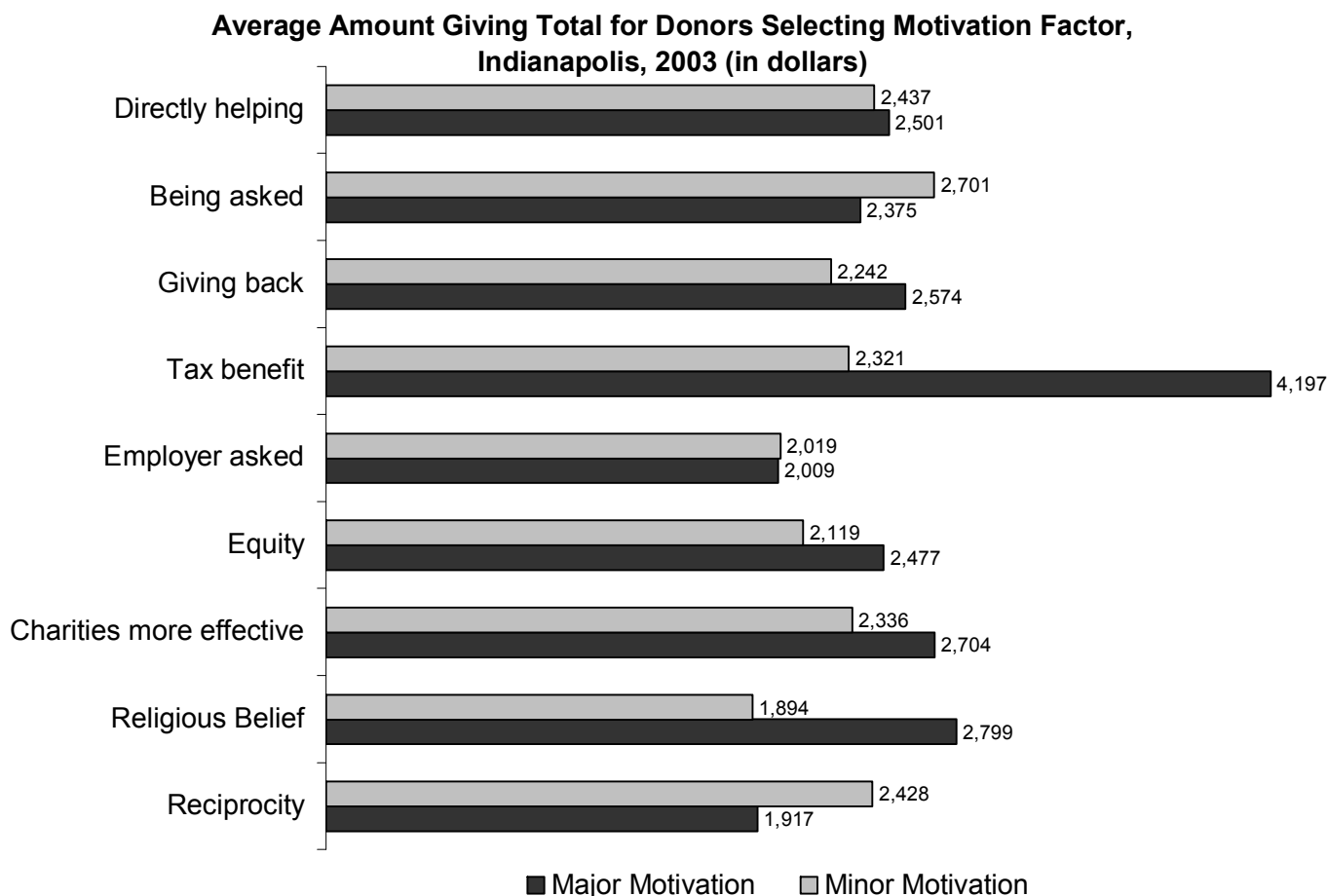


The average gift amount varied by the donor’s motivation for giving.

For donors citing religious belief as a major motivation, the average contribution was \$2,799. Donors for whom a major motivation was tax benefits gave more, on average \$4,197. This is double the average for all Indianapolis-area donors and far surpasses the average giving of groups citing any other motivation for giving to charity.

Figure 11 shows the major and minor motivations that respondents could identify and the average gift amount based on responses. People in the survey could select major motivation, minor motivation, or not at all a motivation for each type of motivating factor.

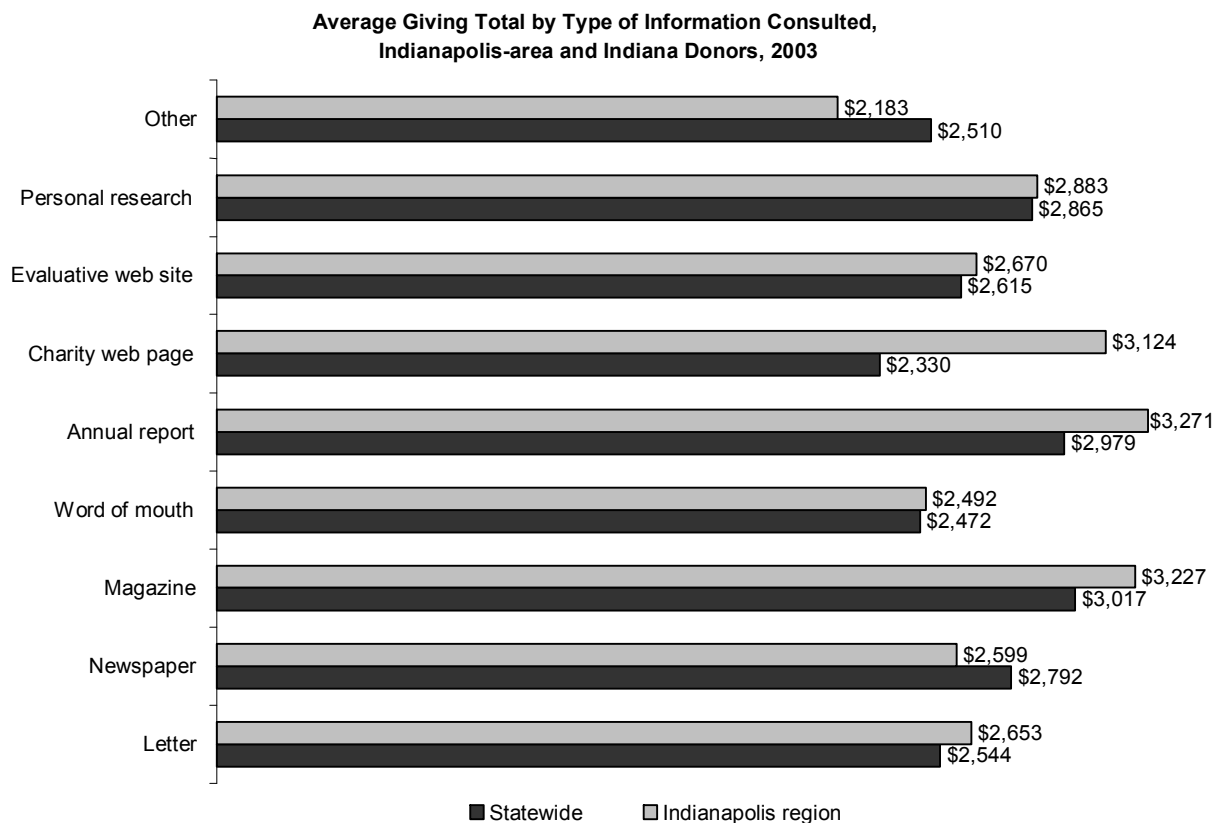
Figure 11



Some sources of information about charities were more useful to donors than others. Nonprofits utilize numerous methods to inform potential and past donors of their activities and their associated needs. Those donors reporting that they utilized the magazines or annual reports and websites of charitable organizations in their decision-making showed the highest levels of giving, all making average contributions over \$3,000.

Nearly every category of donor who cited some information source gave more than the average donor. Figure 12 shows the average giving by sources of information for Indianapolis-area donors and for donors statewide (Indianapolis plus the rest of the state).

Figure 12



Giving in the Indianapolis area generally parallels giving trends in the state as a whole. However, Indianapolis-area donors give on average 4 percent more than all donors statewide. The primary sources of this variation are likely the higher average income and level of educational attainment in the area. Indianapolis also differs from state and local giving trends in their giving priorities.

Notes for Chapter 3: Indianapolis-Area Individual Giving

¹ Counties of the Indianapolis MSA in 2003 were Boone, Brown, Hamilton, Hancock, Hendricks, Johnson, Marion, Morgan, Putnam, and Shelby.

² Per capita income fields found through the Bureau of Economic Affairs, available at <http://www.bea.gov/bea/newsrel/MPINewsRelease.htm> and <http://www.stats.indiana.edu/sip/rank/pcpi1.html>

³ *Memphis Gives 2003* and Gateway to Giving, Study of St. Louis, researched and written at the Center on Philanthropy at Indiana University.

⁴ INDEPENDENT SECTOR, *Faith and Philanthropy* and data under analysis currently from the Center on Philanthropy Panel Study (COPPS), among others.

Indiana Gives 2004

Foundation Grantmaking

Highlights

- ❖ Indiana independent and community foundations made approximately \$695.64 million in grant payments in 2003.
- ❖ Indiana foundation grantmaking for 2003 is estimated to be approximately 16 percent less than reported for 2002. Nationally, the Foundation Center estimated a decline of 2.5 percent.
- ❖ Independent foundations in the state granted an estimated \$633.95 million in 2003.
- ❖ 71 percent of independent foundation grantmaking (\$452.64 million) stayed in Indiana.
- ❖ Indiana community foundations paid grants totaling an estimated \$61.69 million in 2003, which includes distributions from donor-advised funds.
- ❖ 70 percent of community foundation grant payments stayed in Indiana.
- ❖ 42 percent of independent foundations said they increased grant dollars paid in 2004.
- ❖ 36 percent of independent foundations said grantmaking was unchanged in 2004.
- ❖ The Foundation Center, using a national survey, predicted a “modest increase” in grantmaking for 2004.

Background Information about Indiana Foundations

Data: The Foundation Center, 2002 and 2003

923 independent foundations in Indiana.

73 registered community foundations representing all of Indiana’s 92 counties.

\$15.23 billion in assets at Indiana community and independent foundations in 2002.

\$2,505 in foundation assets per Indiana resident, with Lilly Endowment included.

\$852 in assets per Indiana resident without Lilly Endowment included.

\$1,353 in foundation assets per resident nationally.

An independent or private foundation is

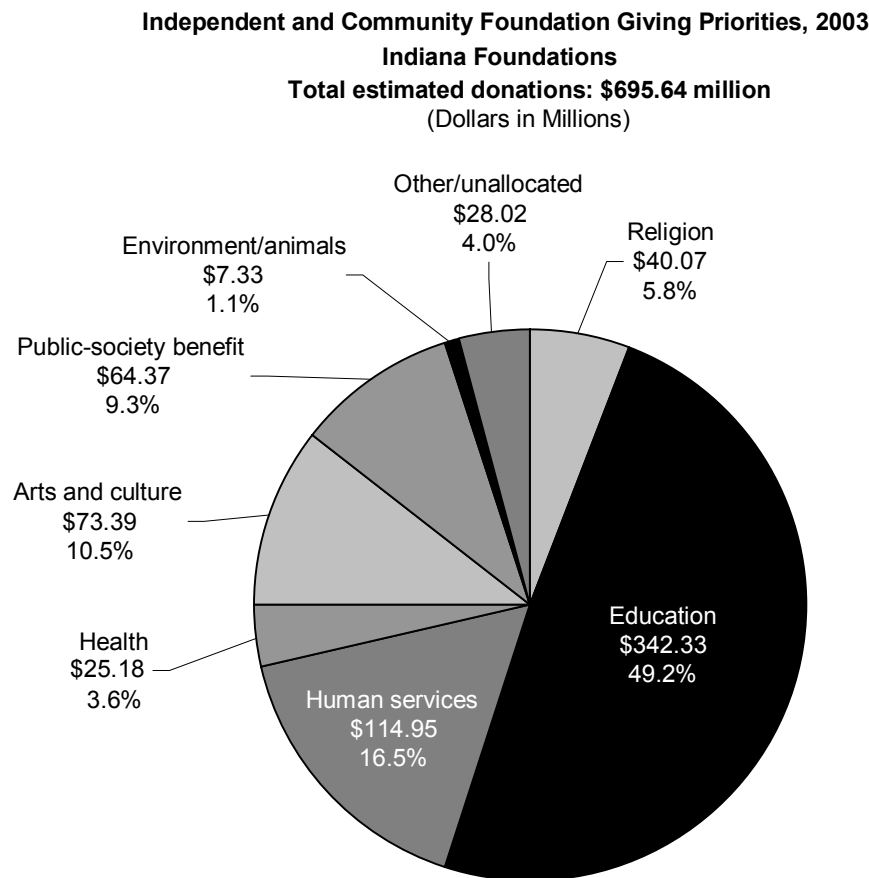
“a nongovernmental, nonprofit [entity] with its own funds...established to maintain or aid educational, social, charitable, religious, or other activities serving the common welfare, primarily by making grants to other nonprofit organizations.”¹ Another form of foundation is a community foundation, which differs from most private foundations because community foundations generate funding from a broad range of donors to their endowment rather than one individual, family, or organization.

Indiana is home to more community foundations than any other state, with 73 of these registered entities currently operating in the Hoosier state and serving all counties.²

Giving USA 2005 estimates that all foundation grants accounted for about 11 percent of giving in the United States in 2003, including bequests, with \$26.84 billion given to nonprofit organizations. That is nearly six times the \$4.93 billion (in 2003 dollars) given by foundations in 1963.

Educational organizations receive the largest share of grant dollars from Indiana independent and community foundations, followed by human services. Nationally, foundations gave more of their grant dollars to health and environment than did Indiana foundations. Figure 1 shows the allocation of grant dollars and an estimate of grantmaking in Indiana for 2003 based on the *Indiana Gives* survey.

Figure 1

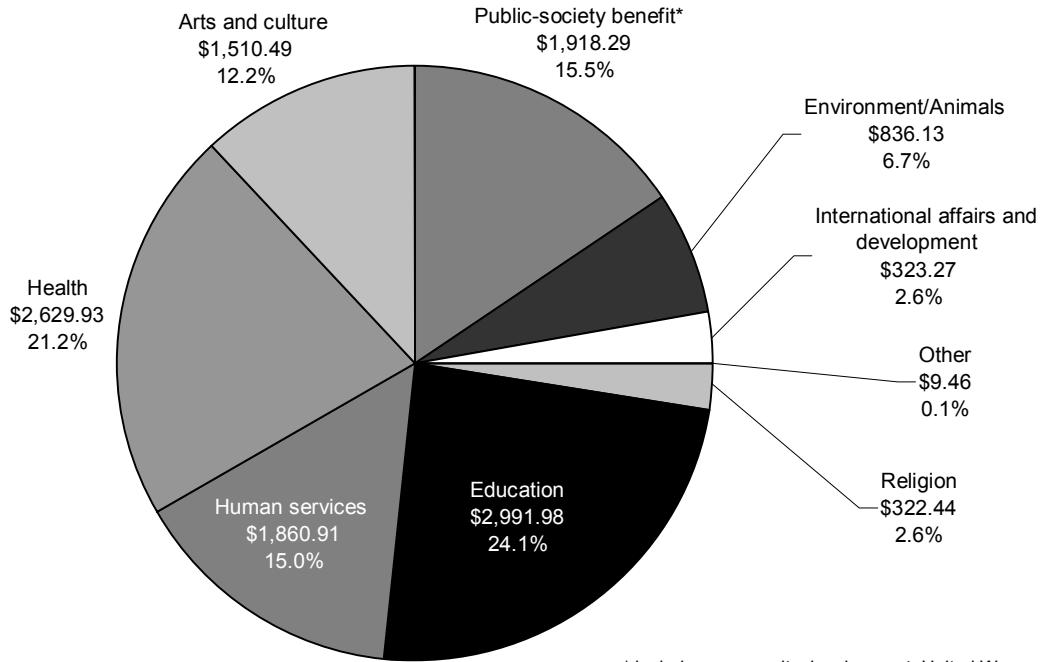


As shown in Figure 2 (next page), compared with a survey of major foundations nationally, Indiana foundations grant:

- ❖ Twice the percentage to religion (5.8 percent compared with 2.6 percent nationally)
- ❖ Twice the percentage to education (49.2 percent compared with 24.1 percent nationally)
- ❖ Far less to health (3.6 percent compared with 21.2 percent nationally)
- ❖ Far less to public-society benefit (9.3 percent compared with the national 15.5 percent)
- ❖ Far less to the environment (1.1 percent compared with 6.7 percent nationally)
- ❖ Slightly more to human services (16.5 percent compared with 15 percent nationally)
- ❖ A slightly lower percentage for art (10.5 percent compared with 12.2 percent nationally).

Figure 2

Independent and Community Foundation Giving Priorities, U.S., 2003

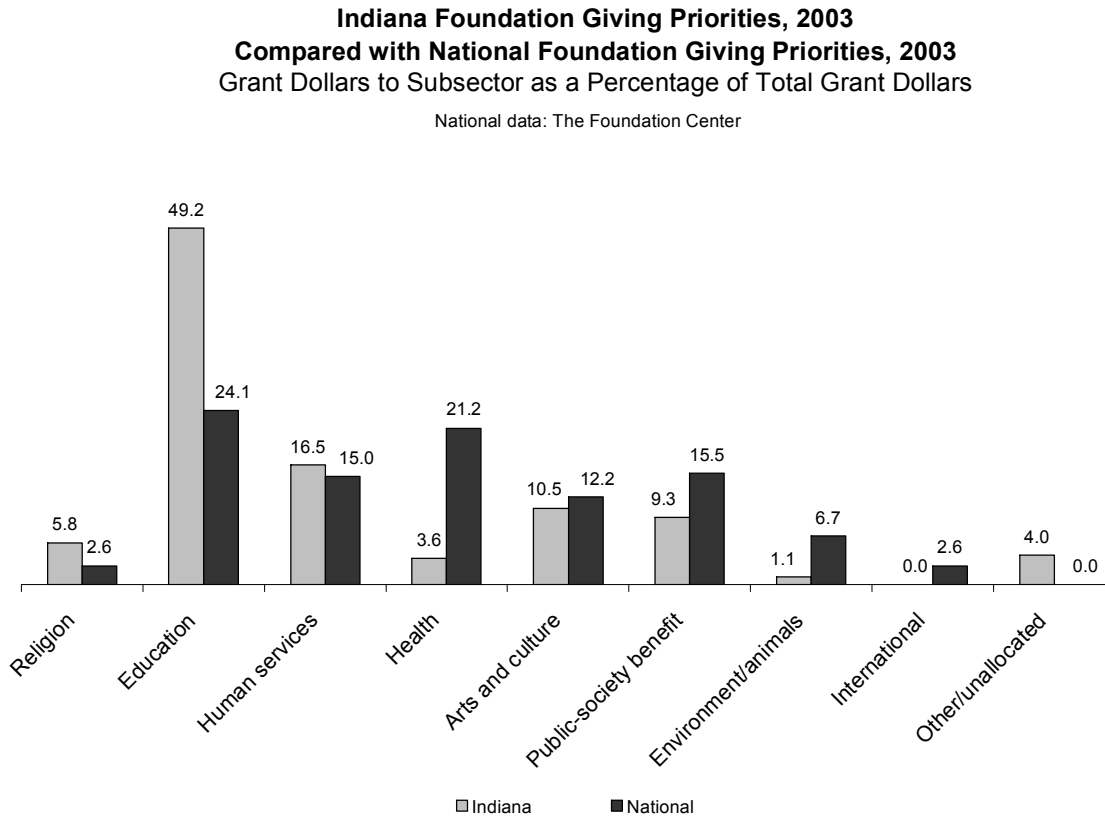


* includes community development, United Way and other federated campaigns, civil rights, public affairs, science and technology, and social science.

Data: The Foundation Center

Figure 3 compares the percentage of foundation grant dollars by type of recipient (also called a subsector) nationally (based on a sample) and in Indiana.

Figure 3



Independent and community foundations indicated some growth in grantmaking in 2004.

Among the 188 *Indiana Gives* respondents that provided information about grantmaking plans for 2004, the average change reported was 16 percent growth in the grants budget compared with 2003. The range was from a drop of nearly 100 percent at one independent foundation to an increase of more than 600 percent at a relatively small community foundation. The mid-point (median) was a 3 percent growth in grantmaking (half the organizations reported a change above 3 percent growth and half reported a change below 3 percent growth, which includes those that reported a decrease).

Most foundations responding to the survey reported little change in grantmaking priorities

in 2004. Table 1 shows the percentage of foundations returning the survey who reported changes—up, down, or no change—in grantmaking by subsector. Among independent and community foundations, more foundations said they were increasing giving to a subsector in 2004 than said they would be decreasing it. In every subsector, the majority of foundations reported little change in the amount planned in grants for 2004 compared with 2003.

Table 1
Anticipated Changes in Grantmaking in 2004 by Type of Recipient

	Percentage of Survey Respondents Reporting Grant Dollars in 2004 to be:		
	Up	Down	Unchanged
Education	26	10	64
Human services	24	5	71
Health	20	5	74
Arts/Culture	19	7	74
Other	15	3	82
Economic development	15	6	79
Environment	14	2	84
Sports/recreation	12	4	85
United Ways/combined campaigns	9	2	89
Religion	9	3	88

All but two foundations in the study reported that Indiana was their only location. One of them is an affiliate with a national fundraising program in health; the other operates in two states with offices in each. Much of the giving outside the state is by foundations that direct 50 percent or more of their funding for higher education.

The study included 16 large foundations, each of which reported grantmaking totaling \$1 million or more in 2002 to the Foundation Center. These 16 foundations provided data that accounted for 64 percent of *Indiana Gives'* total estimated grant dollars awarded in 2003 by Indiana independent and community foundations. Among these foundations, approximately 65 percent of their grantmaking dollars remained in Indiana. For the 208 smaller foundations responding to the survey, more than 78 percent of their grant dollars remained in Indiana. The median (mid-point) was 100 percent (half were at 100 percent; half were below it).

Indiana foundations contribute a significant portion of their giving to organizations in the state. Among the 234 independent and community foundations in this study, 71 percent of grant funds were allocated to Indiana organizations. The percentage of all grantmaking that is given to religious organizations by Indiana foundations was nearly twice the national percentage of religious grantmaking in 2002. Note that giving is attributed to the subsector for which the organization receiving the funds was formed. Thus, giving motivated by religious beliefs might be going to organizations working in other areas, such as human services or health care.

Grantmaking by Indiana foundations is approximately 3.8 percent of all grantmaking in the United States. This is a higher than Indiana's percentage of the national population and personal income.

Indiana foundation assets are nearly 4 percent of national foundation assets. Indiana grantmaking relies heavily on one foundation: Lilly Endowment, which was the nation's second-largest foundation as of December 2003. When that single foundation is excluded, Indiana foundation assets are 1.1 percent of the nation's foundation assets. Foundation per capita giving in Indiana, excluding Lilly Endowment grants, was \$852, far below the national level of \$1,353 in 2003. Similarly, without Lilly's grantmaking, per capita grants in 2003 were \$67, compared with \$89 nationally. Lilly Endowment's grantmaking is more than 10 times that of the amount awarded by the Indiana foundation with the next largest amount awarded in grants.

Notes for Chapter 4: Foundation Grantmaking

¹ Lawrence, Steven and Dia Ganguly. (2002) *Foundation Yearbook*, 2002. New York: The Foundation Center, p. 85.

² According to Indiana Grantmakers Alliance data available at www.indianagrantmakers.org

Indiana Gives 2004

Corporate Giving

Highlights

- ❖ Corporations in Indiana gave cash and in-kind contributions reaching an estimated \$438.16 million in 2003.
- ❖ Of the 2003 corporate total, 73.2 percent was direct cash contributions and 26.8 percent was in-kind gifts of products or services.
- ❖ Of the 2003 statewide corporate total, an estimated 75.8 percent went to nonprofit organizations in Indiana.
- ❖ Three areas—human services, health, and education—received a combined total of approximately 60 percent of all corporate giving.

Corporations support charities directly with gifts of cash or products or equipment and through grants made by corporate foundations funded by company profits. Nationwide, corporations donated an estimated \$11.48 billion in 2003, accounting for 4.7 percent of all gifts (including bequests) made that year. Nationally, corporate giving has grown by nearly \$8 billion (adjusted for 2003 dollars) in the past 40 years, representing a real growth of 230 percent.

Nearly 580 Indiana companies were asked to describe their support of nonprofit organizations in 2003. This sample included 400 companies randomly selected from a list of 237,299 companies provided by the Indiana Chamber of Commerce. These 400 firms included small, medium, and large businesses. In addition, the survey went to all 50 of the largest public companies and all 50 of the largest private companies (based on 2002 sales revenue) in the Indianapolis metropolitan area. Data for this portion of the sample were derived from a listing in the *Indianapolis Business Journal*. The survey also went to all corporate foundations in the state, using a list provided by the Indiana Grantmakers Alliance.

Among responding firms, three-quarters reported budgeted amounts for cash contributions to nonprofits in 2003. Nearly the same proportion of respondents budgeted for this kind of donation in 2004. When these results are compared to forecast the corporate giving by all Indiana firms in 2004, a slight increase in total cash contributions was expected. When including projected corporate foundation grants, cash gifts for 2004 are anticipated to increase 1.1 percent (\$3.4 million), compared with 2003. There is no significant change estimated in the distribution between cash and in-kind gifts.

In 2003, large firms gave cash equivalent to approximately \$335 per employee. This amount exceeds the per employee contributions of small and medium-sized firms. In a similar study conducted in 1993, small firms had the highest average gift per employee in 1993. Table 1 compares the values from the two studies, based on firm size, with adjustment for inflation provided.

Table 1
Average cash gift per employee by Indiana firms

Size of Firm*	Unadjusted for Inflation		Adjusted for Inflation		Adjusted for Inflation
	1993	2004	1993	2004	Percentage change
Small	\$264	\$231	\$347	\$231	-33
Medium	\$135	\$198	\$177	\$198	12
Large	\$160	\$335	\$210	\$335	59

*Small firms have fewer than 50 employees; medium-sized firms have 50 to 249 employees; large firms have 250 or more employees.

Corporations with stock that is traded publicly were more likely than other business types—sole proprietorships, partnerships, and limited liability companies—to be cash donors. There are no national data available to compare with this finding for Indiana firms.

Approximately one-quarter of survey respondents reported donations of products or services in 2003, and that proportion was projected to remain virtually unchanged for 2004.

One-third of the companies reported supporting nonprofits through their marketing budget in 2003. This type of support can include sponsorship of an event, payment for an advertisement that features the nonprofit, or complimentary products or services benefiting the nonprofit. This proportion was projected to be unchanged in 2004. Firms can deduct marketing expenses as business expenses but they typically do not appear as deductions for charitable gifts. There are no national data for 2003 to compare with what Indiana firms reported for *Indiana Gives*.

Cash contributions in 2003 amounted to the largest share of corporate contributions (73.2 percent), followed by donation of products and services (26.8 percent). Estimated totals for Indiana giving and the division by type of donation are shown in Table 2.

**Table 2
Giving by contribution type, Indiana firms, 2003 and projected 2004**

Type of donation	Estimated total by Indiana firms in 2003 (in millions)	Percentage of all corporate giving by Indiana firms in 2003	Estimated total for 2004 (in millions)	Estimated change for 2004 (in millions)	Percentage of all corporate giving by Indiana firms in 2004
Cash *	\$320.61	73.2	\$324.08	+\$3.47	74.3
Goods/ Products	\$117.55	26.8	\$112.37	-\$5.18	25.7
Grand Total	\$438.16	100	\$436.45	-\$1.71	100

*Includes foundation grants and direct cash contributions

The Center to Encourage Corporate Philanthropy, which surveys the nation's largest companies, found that for 2003, once donations of pharmaceuticals from companies such as Pfizer and Merck were removed, 74.3 percent of donations were in cash and the other quarter in goods and products.¹

Corporations and businesses completing the *Indiana Gives* survey projected making fewer in-kind donations in 2004 and more cash gifts. Overall, the firms predicted:

- Increases of 1.1 percent in projected direct cash donations;
- Decreases of 4.4 percent in the value of donation of products and services; and
- A net decrease of \$1.71 million, or 0.4 percent less than the value of gifts in 2003.

Note that a tax law change took effect in 2004 that limits the amount corporations can deduct for certain types of in-kind gifts (patents and intellectual property). It is possible that the projected change reflects corporate response to that legislation, which took effect in June 2004.

Indiana businesses give less for health and human services than do the nation's largest companies. In 2003, Indiana's businesses of all sizes gave about 34 percent of their charitable gifts to the combined category of health and human services. Health received 19.1 percent, and human services received 15.2 percent.

Among the Conference Board study participants, all of whom are part of the Fortune 1000 (among the largest firms in the U.S.) the combined category of health and human services garnered 40.9 percent.

In Indiana, where a large number of businesses are privately owned, a comparatively large share of corporate support (4.3 percent) is directed toward religious organizations. This is consistent with other findings in Indiana: religious beliefs motivate individual giving, and foundations and individuals both support religious organizations at a higher percentage of their total giving than is seen nationally. Figure 1 illustrates the estimated distribution of corporate gifts (cash and in-kind) and grants made by Indiana firms.

Public-society benefit, the second highest category of recipient after education, includes gifts to combined fundraising efforts such as United Ways and community foundations, support for economic development, and for community or neighborhood improvement.

Figure 1

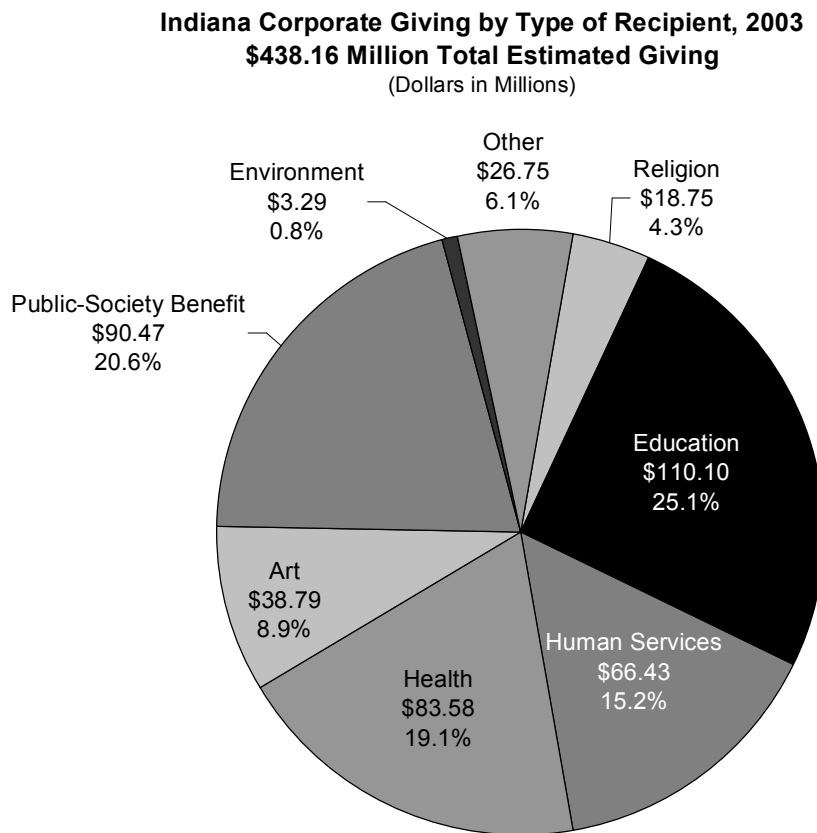


Table 3 breaks down the types of recipients, or subsectors, by size of corporation. The table shows the correlation between the size of companies and their allocation of donations. Small and medium firms gave a disproportionately high share to education. Large firms focused their giving on health and public-society benefit organizations to a greater degree than others.

Table 3
Estimated corporate giving in Indiana by firm size
and by nonprofit subsector

	Large		Medium		Small	
	\$ Millions	Percentage	\$ Millions	Percentage	\$ Millions	Percentage
Arts	21.87	9.7%	12.02	11.2%	4.90	4.7%
Education	41.94	18.6%	26.11	24.3%	42.05	40.0%
Environment	1.71	0.8%	1.59	1.5%	0.00	0.0%
Health	55.25	24.5%	17.12	15.9%	11.21	10.7%
Human Services	29.28	13.0%	18.24	17.0%	18.91	18.0%
Public-Society Benefit	50.03	22.2%	19.59	18.2%	20.85	19.8%
Religion	1.79	0.8%	11.99	11.1%	4.98	4.7%
Other	23.65	10.5%	0.91	0.8%	2.18	2.1%

The greatest factor affecting corporate giving level is the size of the company, which is defined as the number of people employed by the firm. Larger companies give greater amounts than smaller companies do. To analyze corporate giving in Indiana further, we focus on giving per employee and giving per \$1,000 in sales revenue.²

Small companies donated more than mid-sized firms, when in-kind giving is included. In this study, respondents included large companies (defined as those with 250 or more full-time employees), medium companies (defined as those with between 50 and 249 full-time employees), and small companies (defined as those with fewer than 50 employees). The larger firms gave a greater amount per employee and a higher amount per \$1,000 of sales revenue than small or medium firms. Table 4 illustrates the average values contributed by firms of each size category. Medium-sized companies donated much less than either small firms or large ones whether the comparison is based on the amount of giving per employee or per \$1,000 of sales.

Table 4
Indiana corporate giving: Cash and goods by firm size, per employee, and per \$1,000 in sales revenue

Firm Size	Value of giving per Employee	Value of giving per \$1,000 in Sales Revenue
Small (< 50 employees)	\$351	\$5.69
Medium (50–249 employees)	\$206	\$1.33
Large (250+ employees)	\$356	\$7.24

The majority of companies responding to the survey expected increases in giving in 2004, with estimated gifts increasing for six of the eight nonprofit subsectors. Only health and environmental causes were expected to see a decrease in funding from Indiana firms. Corporate respondents were asked if projected giving in 2004 would be up, down, or remain unchanged (if applicable) from their 2003 levels for each subsector. Table 5 indicates how corporate giving was expected to change. The education subsector shows the largest increase in intended giving.

Table 5
Reported changes in Indiana corporate giving by subsector, from 2003 to 2004

Sector	Percentage Giving More	Percentage Giving less	Percentage Giving Same
Arts	10	7	84
Education	27	5	68
Environment	4	6	90
Health	14	16	70
Human Services	13	6	81
Other	6	3	90
Public-Society Benefit	15	7	77
Religion	11	2	87

Firms planned in 2004 to decrease the donation of products and services and increase support for nonprofits through cash gifts and through sponsorships and marketing expenditures. The increases planned, however, were relatively small and from a comparatively small number of companies.

Large companies in Indiana gave more than their smaller counterparts whether donations are viewed as a share of revenue or on a per-employee basis. Medium-sized companies donate less per employee and per revenue dollar than both larger and smaller corporations. We speculate that this is due to the large and small-sized firms' special need for branding and name recognition. It is also possible that individuals or families that own a small business use the firm for some of their personal philanthropy. These conclusions, however, are tentative and deserve further study.

Notes for Chapter 5: Corporate Giving

¹ Center to Encourage Corporate Philanthropy, *New Century Philanthropy*, Fall 2004.

² The Conference Board reports that median corporate contributions per employee were \$441 in 2003 for their sample of about 200 major firms.

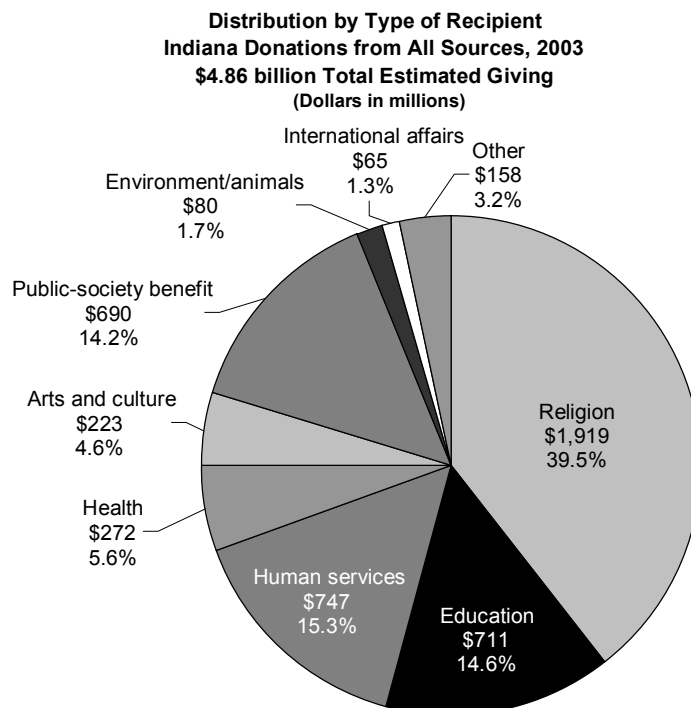
Indiana Gives 2004

Types of Recipients of Giving

Highlights

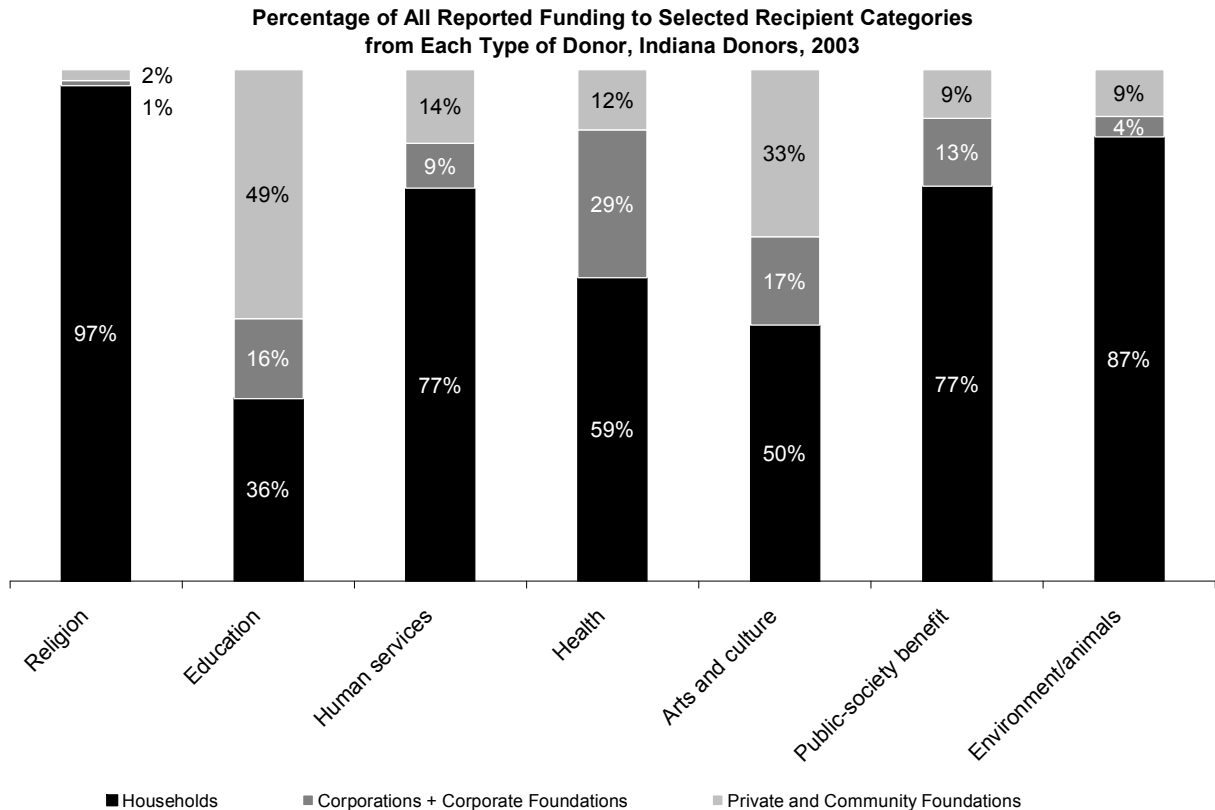
- ❖ In general, Indiana donors followed national priorities in the distribution of their giving among the types of recipients included in the study.
- ❖ Religion receives the largest share of the total in Indiana (39.5 percent) and nationally (35.7 percent in 2003).¹
- ❖ Education is the third largest recipient type in Indiana (14.6 percent) and second-largest nationally (13.6 percent), after religion and foundations.
- ❖ Gifts to foundations, the third largest recipient category nationally with 9.1 percent of the total in the U.S. in 2003, were not tracked separately in Indiana. Using public information about foundations for 2003, *Indiana Gives* found \$62 million donated to private foundations (does not include community foundations) in 2003.² This is 1.2 percent of total estimated giving in Indiana for 2003.
- ❖ *Indiana Gives* found \$38 million reported in gifts to community foundations in its survey. That amount appears in the “public-society benefit” recipient category and is less than 1 percent of total estimated giving by Indiana donors.
- ❖ Indiana donors give a higher percentage than is found nationally for human services (15.3 percent in Indiana and 8.0 percent nationally) and for public-society benefit organizations (14.2 percent in Indiana and 5.1 percent nationally).

Figure 1



Each subsector relies heavily on contributions from individuals, although foundation grantmaking makes nearly half of reported Indiana gifts to education. Figure 2 illustrates the extent to which the largest subsectors (recipient types) rely on individual gifts compared with foundation grantmaking and corporate giving.

Figure 2



*Some percentages do not equal 100% due to rounding.

A study of Indianapolis-area nonprofits conducted by Wolfgang Bielefeld and Kami Linders found that, on average, charities in the Indianapolis metropolitan area rely on contributions for about 45 percent of their income.³ Across all the areas studied by Dr. Bielefeld and Ms. Linder, religious organizations were most reliant on contributions.

More than 60 percent of Indiana households reported giving to religion in 2003, with an average gift from those donors of \$1,561. Compared to the nation, more Indiana households contributed to religion and the average amount contributed by state households was lower than for national households. For 2003, the Center on Philanthropy Panel Study finds that 45.0 percent of American households gave an average total contribution of \$1,783 (adjusted to 2003 dollars) to religious causes. Table 1 summarizes giving to religion by Indiana households based on income range and compares Indiana household giving with national household giving.

Table 1
Giving to religion by Indiana households, 2003

	Income < \$50,000		Income \$50,000-\$100,000		Income \$100,000 or above	
	Percentage that gave	Average given	Percentage that gave	Average given	Percentage that gave	Average given
Indiana	49	\$1,361	73	\$1,704	77	\$2,997
U.S.	36	\$1,174	54	\$1,832	61	\$2,788

According to a study released in 2002 by the Center for Urban Policy and the Environment that used data about religious congregations in 44 counties in central Indiana, nearly 60 percent of the residents do not belong to a religious denomination, including faiths other than Christianity.⁴ This is an unusually high percentage of the population unaffiliated with a denomination, especially in a region where surveys find belief in God is widespread. The 2002 study relied on data provided by participating denominations. It did not count worshipers with non denominational congregations and worshipers in denominations that chose not to participate.

Indiana Gives finds that more than 60 percent of Indiana residents contribute money to religious organizations, and nearly all of those contributions are made to local congregations. The difference in the findings from these two different reports suggests that a large share—perhaps as much as 10 percent or more—of Indiana residents may belong to or worship at non denominational congregations. Nationally, approximately 5 percent of the population is affiliated with nondenominational congregations.⁵

Religious contributions are common among households yet relatively uncommon from other types of donors. Just under one-quarter (23 percent) of foundations responding to the *Indiana Gives* survey said they made grants to religious organizations. The majority of foundations (34 of 54 or nearly 63 percent) granting funds to religious organizations gave a total between \$200 and \$25,000.

Just over one in five businesses in the *Indiana Gives* survey reported making gifts to religion in 2003 (23 of 103). Those businesses that gave to religion contributed, on average, \$25,317 each to religious causes in 2003. The businesses most likely to give to religion were owned 50 percent or more by members of one family. Nearly one-third (16 of 49) of family-owned businesses reported gifts to religion, and most of those were structured as privately held corporations. Only 14 percent of businesses not owned by one family reported giving to religion.

Table 2 summarizes the results of findings from the survey of foundations and the survey of corporations.

Table 2
Foundation and corporate giving to religious organizations, 2003

Foundations			Corporations		
Percentage that gave	Average given	Median Given	Percentage that gave	Average given	Median given
23	\$561,672	\$13,271	22	\$25,317	\$3,275

Excluding the Lilly Endowment, the average total granted in 2003 to religion by Indiana foundations in the *Indiana Gives* study was \$54,101 and the median was \$13,225.

Foundations gave 49 percent of the total contributed to education

by Indiana donors in 2003, with the lowest percentage of all subsectors (36 percent) coming from households. This lower percentage was not because households did not support education but because foundations and corporations gave, on average, more to education than they did to other types of recipients.

While households did give to education, fewer households contributed to education than did to religion. The average donation to education was \$134, with a much higher average in higher-income families, and a lower amount contributed by lower income families. Table 3 summarizes household giving to education by Indiana donor households in 2003, based on income range for the household. National comparisons have not been developed.

Table 3
Giving to education by Indiana households, 2003

Income < \$50,000		Income \$50,000-\$100,000		Income \$100,000 or above	
Percentage that gave	Average given	Percentage that gave	Average given	Percentage that gave	Average given
17	\$136	41	\$506	62	\$990

Among foundations and corporations, a high percentage supported education, and the average and median total amounts given were among the highest reported for any subsector. Table 4 summarizes the findings about foundation and corporate giving to education.

Table 4
Foundation and corporate giving to education organizations, 2003

Foundations			Corporations		
Percentage that gave	Average given	Median given	Percentage that gave	Average given	Median given
65	\$1,899,626	\$53,112	47	\$208,290	\$22,579

Sixty-five percent of surveyed foundations reported grantmaking to education, averaging \$1,899,626. The median amount granted was \$53,112. Of the 153 foundations reporting grants to education, 59 had total giving to education of less than \$25,000 for 2003; only 14 granted more than \$1 million to educational organizations that year.

Nearly half of the corporations and businesses in the *Indiana Gives* study reported gifts made to education in 2003. The average total given to education was \$208,290 and the median was \$22,579. Of the 52 firms donating to education, nearly 60 percent gave a total of \$25,000 or less to education in 2003. Among all the firms contributing to education, the average amount for education contributed *per employee* was \$136 and the median was \$53. Firms of all types were likely to contribute to education. Table 5 shows the percentage by each possible ownership structure that reported some amount donated to education in 2003.

Table 5
Firms donating to education, by type of firm ownership, 2003

Ownership structure	Percentage that gave to education	
Sole proprietorship	*	40
Partnership	*	33
Limited Liability Corporation (LLC) *		67
Privately held corporation		50
Publicly traded company		76

* Fewer than 10 firms with this ownership structure responded to the survey. These percentages report results based on these few cases.

More than three-quarters of contributions made to Human Services came from individual donors.

Based on survey responses among households, foundations, and corporations, households contributed 77 percent of the amount donated to human services organizations. Human services organizations include charities that address many different types of needs. *Indiana Gives* asked separately about giving for basic needs (food, shelter, employment, clothing, heat, etc.) and about giving for youth development programs. Table 6 summarizes Indiana household giving to these two different categories of human services organizations by income range. National comparisons have not been developed.

Table 6
Giving to basic needs and to youth development by Indiana households, 2003

Subset of Human Services	Income < \$50,000		Income \$50,000- \$100,000		Income \$100,000 or above	
	Percentage that gave	Average given	Percentage that gave	Average given	Percentage that gave	Average given
Basic needs	44	\$253	67	\$635	74	\$759
Youth development	11	\$137	31	\$317	40	\$672

About six in ten foundations (59 percent) surveyed reported grantmaking for social service organizations, which most closely corresponds to the category “Basic needs” used when surveying individuals. One foundation granted more than \$38 million to social services, which raised the average total amount granted to \$503,342. Without that foundation, the average was \$266,040. Nationally, the median amount per grant for human services was \$25,000. Indiana foundations reported a median total amount granted for human services of \$31,140. *Indiana Gives* did not evaluate the amount per grant awarded for any subsector.

Of the 138 foundations reporting grants to social services, 53 (38 percent) granted a total of less than \$25,000 to social services in 2003. Another 46 (33 percent) granted between \$25,000 and \$100,000.

Half of the businesses surveyed (52 of 104) reported an amount given for social services organizations. The average total amount donated for social services was \$120,524. The median was \$12,000. Just about a third of the businesses (33 of 104) contributed a total amount to social services that was between \$100 and \$25,000. Table 7 summarizes findings about foundation and corporate giving to social services.

Table 7
Foundation and corporate contributions to social services, a subset of human services, 2003

Subset of Human services	Foundations			Corporations		
	Percentage that gave	Average given	Median given	Percentage that gave	Average given	Median given
Social services	59	\$503,343	\$31,140	50	\$120,524	\$12,000

Among donor businesses, on average, 23 percent of the giving budget was to social services recipient organizations. Among the firms giving to social services, the average amount contributed *per employee* was \$89, and the median was \$24.

Households contributed 59 percent of the total estimated giving to health organizations. As seen in other subsectors, households with higher income were more likely to give to health organizations than were households with income below \$50,000. Higher income households also contributed more, on average. Table 8 summarizes household contributions to health organizations among Indiana donors in 2003.

Table 8
Giving to health by Indiana households, 2003

Income < \$50,000		Income \$50,000-\$100,000		Income \$100,000 or above	
Percentage that gave	Average given	Percentage that gave	Average given	Percentage that gave	Average given
28	\$134	45	\$410	63	\$413

Just over one-third of foundations surveyed (81 of 234, or 35 percent) reported grantmaking for health. The average amount granted to health organizations by any one foundation was \$221,818. The median total amount granted was \$14,500. More than half (46 of 81) of the foundation donors to health granted a total between \$500 and \$25,000 to health organizations in 2003. On average, among foundations that gave for health, this area received 14 percent of total grantmaking.

Table 9
Foundation and corporate contributions to health

Foundations			Corporations		
Percentage that gave	Average given	Median given	Percentage that gave	Average given	Median given
35	\$221,818	\$14,500	38	\$387,762	\$9,000

About 40 percent of businesses participating in the *Indiana Gives* study reported making contributions in 2003 to health organizations. The average contribution among firms making a gift for health was \$387,762, which was strongly influenced by two firms reporting more than \$5 million each in contributions for health. Without those firms, the average was \$49,042. The median was \$9,000. Among the 39 firms donating to health, 25 (63 percent) contributed a total between \$200 and \$25,000.

Among all corporate donors to health, the average amount contributed per employee was \$93 and the median was \$16. The high average per employee is driven largely by the grantmaking of a corporate foundation created by a major Indiana company in the health industry. With that one donor excluded, the average contributed per employee was \$75.

Arts, culture, and humanities organizations received about half their charitable funding from household donors, with the balance donated by institutions (foundations and businesses). Table 10 summarizes household contributions to arts organizations, by income range of the donor household.

Table 10
Giving to arts by Indiana households, 2003

Income < \$50,000		Income \$50,000-\$100,000		Income \$100,000 or above	
Percentage that gave	Average given	Percentage that gave	Average given	Percentage that gave	Average given
7	\$283	17	\$475	31	\$546

Just over half (53 percent) of the foundations in the survey reported grantmaking for arts, culture, and humanities organizations. More than four in ten businesses reported contributions for the arts (44 percent). Table 11 summarizes the findings about arts giving by foundations and corporations.

Table 11
Foundation and corporate contributions to the arts, 2003

Foundations			Corporations		
Percentage that gave	Average given	Median given	Percentage that gave	Average given	Median given
53	\$205,371	\$20,175	44	\$187,059	\$39,890

This included one foundation that granted more than \$5 million to the arts. When that foundation was excluded from analysis, the average was \$160,699. The median was \$20,000. Of the 124 foundations that made grants for the arts, 66 (53 percent of 124) granted a total between \$300 and \$25,000.

Among corporate donors to the arts, the average total amount contributed to the arts *per employee* was \$83. The median was \$32. The majority of donor firms (62 percent) gave less than \$25,000 total to the arts in 2003.

Indiana donors are extremely committed to public-society benefit organizations. Public-society benefit includes combined fundraising efforts such as United Ways, Jewish federations, and the Combined Federal Campaign. It also includes organizations devoted to economic development and neighborhood and community improvement. *Indiana Gives* asked households about their gifts to combined campaigns and for neighborhood improvement (but not about giving for economic development). We asked businesses and foundations about their giving for combined campaigns, economic development, and community improvement. Table 12 summarizes household contributions to combined fundraising campaigns and for neighborhood improvement.

The average amount contributed to combined fundraising campaigns is the second-highest average amount after religion for all income groups.

Table 12
Giving to combined campaigns and for neighborhood improvement by Indiana households, 2003*

Subset of Public-society benefit	Income < \$50,000		Income \$50,000- \$100,000		Income \$100,000 or above	
	Percentage that gave	Average given	Percentage that gave	Average given	Percentage that gave	Average given
Combined fundraising campaign	27	\$422	56	\$671	68	\$1,100
Neighborhood improvement	6	\$154	12	\$122	16	\$271

* Questions about giving for these types of public-society benefit organizations were asked slightly differently for households than for corporations and foundations.

Among foundations and corporations, many donors support combined fundraising campaigns or economic development. A smaller number give for neighborhood or community improvement, but the average amount of grants for that purpose totals by far the largest amount found in the study. Nine foundations in the state reported grantmaking for neighborhood or community improvements, and one of those granted more than \$25 million in 2003 in that category. Table 13 summarizes the findings for foundation and business giving for public-society benefit organizations in 2003.

Table 13
Foundation and corporation giving to combined fundraising campaigns, economic development, and for neighborhood or community improvement, Indiana donors, 2003

Subset of Public-society benefit	Foundations			Corporations		
	Percentage that gave	Average given	Median given	Percentage that gave	Average given	Median given
Combined fundraising campaign	19	\$162,062	\$17,517	47	\$421,542	\$275,000
Economic development	32	\$112,959	\$31,680	40	\$110,529	\$6,300
Neighborhood or community improvement	4	\$3.11 million	\$112,652	17	\$81,533	\$4,666

By excluding from analysis the largest foundation donor for neighborhood or community development, the average is \$349,755 and the median is \$70,224.

Corporate donations to the United Way and other combined campaigns averaged \$62 per employee among the donor firms, with a median amount of \$32. Publicly traded companies were the most likely to give to combined campaigns, with nearly three-quarters reporting donations in 2003 to this type of recipient. Table 14 shows the percentage of firms donating to combined campaigns by type of firm ownership.

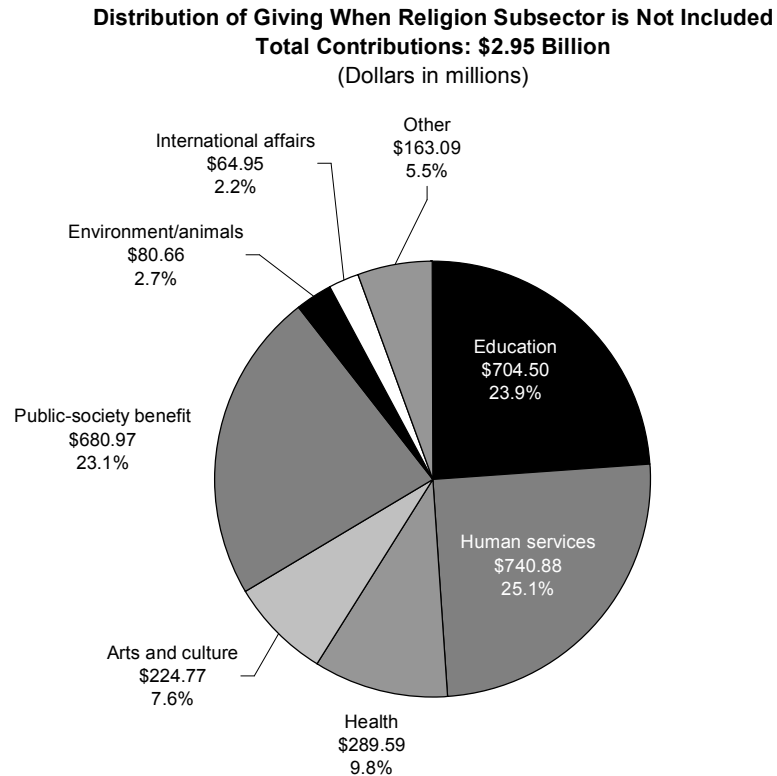
Table 14
Firms donating to types of organizations in the public-society benefit category, by type of firm ownership, 2003

Ownership structure		Percentage that gave to organizations supporting:		
		Combined campaigns	Economic development	Neighborhood or community improvement
Sole proprietorship	*	40	20	20
Partnership	*	0	0	0
Limited Liability Corporation (LLC)	*	50	50	17
Privately held corporation		43	45	18
Publicly traded company		72	56	16

* Fewer than 10 firms with this ownership structure responded to the survey. These percentages report results based on these few cases.

Education, Human Services, and Public-Society Benefit each receive just less than one-quarter of all charitable giving by Indiana donors, calculated with gifts to religion excluded. Nonprofit organizations often wish to know how giving is distributed among the different recipient types that ask directly for contributions. Many religious organizations do not make specific requests, either in person or by mail or other means. Most other charities, in contrast, actively engage in fundraising. Figure 3 shows the allocation of all giving (from households, corporations, and foundations) when religion is not included.

Figure 3



Notes for Chapter 6: Types of Recipients of Giving

¹ *Giving USA 2005*, page 203.

² Using FoundationSearch.com, the research team for *Indiana Gives* looked up IRS Forms 990-PF filed for 2003 by 16 of the largest foundations in Indiana. In 2003, the following gifts were reported:

To Lilly Endowment Inc., \$14 million, from the Ruth Lilly Charitable Lead Trust

To the Dekko Foundation, \$20 million, from the estate of Chester Dekko

To the Glick Foundation, \$27 million from living individual donors.

³ Bielefeld, W. and K. Linders, 2004. *Financial Comparisons of the Nonprofit Sector in Indianapolis and Eight Metropolitan Areas*, (Indianapolis, IN: Center for Urban Policy and the Environment).

⁴ Bodenhamer, D. 2002. *Religious Diversity in Central Indiana*. (Indianapolis, IN: Center for Urban Policy and the Environment).

⁵ Thumma, S. (2001). *Nondenominational Congregations Today: A Report from the Faith Communities Today Project*, http://hrr.hartsem.edu/org/faith_congregations_nondenom_FACT.html#Intro.

Indiana Gives 2004

Methodology

This section presents a review of the methods used to gather information for this report. For a copy of the surveys or for more information about the specific statistical techniques used in the estimating models, please contact the Research Department at the Center on Philanthropy (COP) at Indiana University.

The geographic area covered in this study of philanthropy is the state of Indiana, which includes the Indianapolis Metropolitan Statistical Area (MSA). This study involved research on the sources of charitable contributions in Indiana and their uses.

To accomplish the goals of this project, the Center on Philanthropy collaborated on all surveys with the Indiana University Center for Survey Research (CSR) in Bloomington, Indiana.

Sources of Contributions

This study involved research on three forms of charitable giving to nonprofit organizations: individual giving, foundation gifts, and corporate donations. Each of these types of contribution is covered in the following sections.

Individual Giving

The primary source of information for the estimate of individual giving consisted of a telephone survey of household philanthropic activity. The questionnaire was based on a household survey used in the Center on Philanthropy Panel Study (COPPS), which is a national study done in conjunction with the Institute for Social Research at the University of Michigan. It was also used in a national study called *America Gives* and studies of philanthropy in St. Louis and Memphis, all of which were conducted by the Center on Philanthropy. The use of a field-tested survey is important because it allows for the comparison of results from Indianapolis to other cities and from Indiana to the United States as a whole.

The Indiana survey instrument consisted of 88 questions relating to donations of money, assets, and time in the year 2003, and 62 questions on demographic characteristics such as household income, race, gender, education, and their motivations for giving. A total of 736 individuals throughout Indiana were surveyed about their philanthropic behavior in the year 2003. Survey production began in early July 2004 and was completed in mid-August. The average interview time was 19.5 minutes. The effective response rate was 20.2 percent, based on the standard definition (Response Rate 1) developed by the American Association for Public Opinion Research and available online at www.aapor.org/pdfs/standarddefs_ver3.pdf.

Two sampling strata of random-digit-dial telephone numbers were developed to conduct the survey. Approximately 60 percent of the sample used for the project was randomly selected from all exchanges in Indiana. A second random sample of telephone numbers was generated from the exchanges within the Indianapolis Metropolitan Statistical Area to have a better

understanding of the giving patterns in the capital city. Table 1 summarizes every case according to its final disposition and by sample type.

Table 1

Disposition of cases for the individual giving sample

Interviews	
Completed interviews—Indianapolis MSA	323
Completed interviews—Statewide	413
Total completed interviews	736
Eligible, non-interview	1,417
Unknown eligibility, non-interview	687
Not eligible	810
Total sample	3,650
Effective Response Rate	20.2%
Total Households from which Indiana sample was drawn	2,522,431
Total Households from which Indianapolis sample was drawn	686,466

Households in the Indianapolis area had a probability of being interviewed of approximately 0.21 percent, whereas those in the general population had a probability of being interviewed of 0.087 percent. Thus, Indianapolis households were interviewed at a rate of roughly 2.4 times the frequency of the general population. The results we report are weighted to take into account our oversampling procedure.

Corporate Giving

Corporate giving was assessed by using a mail survey of Indiana businesses. All companies were given the option of responding via a Web version of the survey, as well. Beginning on July 8, 2004, the first questionnaire packets were sent via Federal Express to organizations. Approximately two weeks later a fax or reminder postcard was sent to businesses that had not responded. The fax included a copy of the questionnaire, an abbreviated version of the cover letter to explain the purpose of the study, and instructions for either faxing their completed survey or filling out the Web version.

On August 6, 2004, a second mailing packet was sent via USPS First-Class mail to those organizations that had not yet responded to the survey. Both mailing packets included a copy of the questionnaire with a postage-paid return envelope. The cover letter included instructions for responding to the Web version and provided a toll-free fax number to allow the organization to respond by fax.

The questionnaire itself was developed by the Center on Philanthropy and reviewed by the Indiana Grantmakers Alliance and the Indiana Chamber of Commerce, based on instruments from other studies of corporate philanthropy. The Indiana corporate survey instrument consisted of 72 questions (four pages) relating to donations of money, assets, and time for the year 2003 and projected figures for the year 2004. Both local (within the state) and non-local giving were queried. The survey also included questions on business characteristics such as the company's legal form and number of employees.

The sampling frame consisted of 579 companies, which included 400 companies that were randomly selected to represent the 237,299 small, medium, and large companies in Indiana, using data provided by the Indiana Chamber of Commerce. Large companies were defined as those that reported 250 or more employees. Medium companies were defined as those that reported 50 to 249 employees, and small companies were defined as those that reported fewer than 50 employees.

The sample was supplemented with 50 of the largest public and 50 of the largest private companies (based on 2002 sales revenue) in the Indianapolis metropolitan area. Data for this portion of the sample were derived from a listing in the *Indianapolis Business Journal*. The remainder of the sample included corporate foundations from throughout the state. Disposition of the sample is shown in Table 2.

Table 2

Disposition of cases for the corporate giving sample

Disposition	# of Businesses
Completed	103
Returned after study deadline	0
Duplicate listing (or subprogram)	1
Bad address/not deliverable	31
Refused	3
Ineligible (no longer operating)	2
No response	439
Total in Sample	579
Effective Response Rate	17.8%
Total Businesses in Indianapolis	65,596
Total Businesses in Indiana	237,299

To derive our estimates of corporate giving we calculated donations per employee. We used statistics on total private sector employment from the U.S. Bureau of Labor Statistics to extrapolate donations per employee and total corporate donations for the state of Indiana. The

237,299 companies of the Indiana Chamber of Commerce report a total of 9,137,850 employees, including employees outside of the state. The database of the Indiana Regional Chamber was used to divide the businesses of Indiana into the three strata (large, medium, and small) from which we calculated probabilities of being surveyed. The net impact of our methodology was to oversample large businesses, from which much of the corporate giving arises in Indianapolis and throughout the state.

Foundation Giving

A separate mail survey was conducted to gauge the level of grantmaking by Indiana foundations, both locally (within Indiana) and more broadly. All foundations were also given the option of responding via a Web version of the survey. Mailing procedures were similar to those for the corporate survey, with three waves of mailing via Federal Express, USPS, and fax. The survey was sent to 686 foundations in Indiana. The survey consisted of 33 questions (two pages), which were developed by the Center on Philanthropy with input from the Indiana Grantmakers Alliance. Questions covered foundation assets, grant budget, and grant allocations by subsector in 2003 and projected for 2004. The survey also included questions on foundation characteristics such as legal form, number of employees, and length of time in Indiana. A total of 234 of the 686 foundations in the sample completed the survey. Three of these were corporate foundations, and their giving is included in the corporate chapter, but not in the foundation chapter. Disposition of the sample is shown in Table 3.

Table 3

Disposition of cases for the foundation giving sample

Disposition	# of Foundations
Completed	234
Returned after study deadline	0
Duplicate listing (or subprogram)	0
Bad address/not deliverable	41
Refused	5
Ineligible (no longer operating)	12
No response	394
Total in Sample	686
Effective Response Rate	34.1%

In addition, *Indiana Gives* examined the IRS Forms 990-PF for 2002 or 2003 to validate the allocation of giving for three large private foundations. We classified the grantmaking activities of these organizations by subsector and in-state versus out-of-state funding.

We received responses from 146 independent foundations, which included 16 large organizations such as the Lilly Endowment. To provide our estimates we applied the average among the 130 smaller respondents to all foundations across the state (except the 16 large ones). To this number we added in the total distributions from the 16 large organizations to provide a total estimate.

The completed surveys included responses from 72 community foundations that provide funding for 82 of the 92 counties in Indiana. To calculate estimates for the other 10 counties (which are all serviced by community foundations), we used an average of the per capita funding of the community foundations in two neighboring counties that did respond to the survey. We used figures for total qualifying distributions to calculate total funding by community foundations.

Types of Recipient Organizations

The Center on Philanthropy combined results from the individual, foundation, and corporate datasets to draw conclusions about the distribution of charitable gifts to nonprofit organizations in the Indiana area. As with *Giving USA*, nonprofit organizations were classified into nine different subsectors, based on the National Taxonomy of Exempt Entities. These subsectors include 1) Arts, Culture, and Humanities; 2) Education; 3) Environment; 4) Human Services; 5) Health; 6) International Affairs; 7) Public-Society Benefit; 8) Religion; and 9) Foundations.

Accuracy of Estimates

Every precaution was taken to make the findings in this study as accurate as possible. For example, we used the state-of-the art sampling, weighting, and survey techniques. However, all surveys are subject to a small amount of error. The estimates contained in this report are extrapolated from our survey data. They should be viewed as the best possible estimates that could be obtained, providing as complete a picture as possible of philanthropy in Indiana and the Indianapolis metropolitan area.