



PHILANTHROPISTS: GRANTS & GRANTMAKING

## Who are the Funders Funding?

08.22.19 | Linda J. Rosenthal, JD



There's new information separating fact from myth about where American charitable foundations are making grants these days and for what purposes, courtesy of San Francisco-based [Fluxx](#).

"Fluxx is the cloud platform that [powers giving and impact in philanthropy](#)." Its vision is to "democratize philanthropy." Through a [free app](#), "givers and doers" are connected. "[H]undreds of the world's largest foundations and tens of thousands of nonprofits rely on Fluxx to streamline their funding processes, get data driven insights, and drive more impact." Among its foundation clients are powerhouses Ford, Knight, and MacArthur.

Recently, Fluxx researchers took its large bank of customer information to study current trends and patterns in charitable grantmaking in the United States. The firm published the results in [State of Giving](#) (July 24, 2019). Twelve pages long, this report makes conclusions based on "[foundation grants](#)" totaling \$3.6 billion facilitated through the Fluxx Grant-maker platform in 2018 to nonprofits and individuals in all fifty states, the District of Columbia, and Puerto Rico." Report authors acknowledge this data doesn't include "all giving in philanthropy," but believe it's "[directionally aligned](#)" [enough] with overall trends in the United States to make its use valid for the study purposes.

The authors say there some surprises in the study findings that present the philanthropy sector with challenges as well as opportunities.

### *Foundation Funding Results*

For this analysis, researchers wanted to "see how foundation giving [varied by location and category](#)." The team reviewed data showing which states' nonprofits received the highest or lowest amount of grants, and which types of philanthropic missions were awarded the most and least of this



foundation-grant funding in 2018.

The **key takeaway**: There's a "significant disparity in *giving amounts* going to the top and bottom 10 receiving locations" ranging from 73% (or 2.6B of grant dollars analyzed) down to just 0.82% (or a relatively paltry \$29M).

There's also a notable difference in the **categories of philanthropy** funded. In the top ten "receiving locations," the main focus is the environment and the arts. In the bottom ten, the most funds are granted for shelter and food activities. But one category of philanthropy funding gets the top spot across all locations: education.

The report also shows that "foundation giving in the United States is **highly concentrated** in a handful of states and cities, with nearly half of all grant dollars going to recipient organizations in New York, California, and Washington, D.C." More specifically, New York grant recipients raked in \$636.3M of the \$3.6B total grant-money pie. California followed at \$550.7M. While the nation's capital was in third place, its \$414.2M is not exactly chump change. Combined, these three "receiving locations" accounted for almost 45% of the hefty *national total*. And it's clear from the data that New York, California, and D.C. dominate *even* when considered only as part of the top-ten-locations category; they take in about 61% of funds awarded to that lucky group.

Analyzed somewhat differently – (jurisdiction by jurisdiction, instead of by "receiving location") – the top ten (including Colorado, Illinois, Maryland, Massachusetts, Michigan, Missouri, and Oregon – along with New York, California, and D.C.) managed to slice off 73% of the total foundation-funding pie. By comparison, there were only crumbs left – just 0.82% of the total funding – for the bottom ten jurisdictions (including Nebraska, Puerto Rico, and West Virginia).

The **State of Giving** report has helpful charts and graphs that illustrate and further breakdown these findings.

In summary, grant funding varies dramatically across the United States. Sadly, the "data shows that **more basic needs, such as housing and food**, are being supported by grant funding in locations receiving fewer grants." These locations at the bottom of the funding ladder also have poorer populations (with fewer extra dollars available for individual charitable donations) and are concentrated in areas with financially strapped state and local governments.

#### **More Funding-Related Study Results**

Another study released in July 2019 is from **Civis Analytics**. This one also uses fairly current data (that is, from 2018 IRS sources) from over 350,000 nonprofits around the U.S., giving a "fascinating snapshot of important national, state and even some local nonprofit trends—including funding."

"If you've been wondering how a nonprofit organization you work with," writes Anne Eigeman in The Nonprofit Quarterly, "**fits into the bigger picture of work** being done in your geographic area, **new visualization maps** produced by **Civis Analytics** might provide an answer." That this substantial amount of timely information was so quickly available is thanks in no small part to the recent move by the Internal Revenue Service toward publicly available, **machine-readable, Form 990s**.



At Civis, the mission is “to democratize data science so organizations can stop guessing and make decisions based on numbers and scientific fact.” The firm helps public and private sector organizations “find, understand, and connect with the people they care about, so they can stop guessing and start using statistical proof to guide decisions.”

“As an introduction to this [study](#), Civis explains that at the end of 2018, they were looking at some 990s and **thought it would be cool to share their findings** more broadly with the general public (they are data people).” They applied a “topic-modeling method” to analyze the mission statements of the surveyed organizations based on key words and phrases. “The team then assigned each nonprofit to one or more categories and then compared the financials of organizations by category and location.”

According to Ms. Eigeman, “some of the **results** might **not come as a surprise**.” For instance, according to *this* study, organizations that serve “vulnerable populations” are the “most common” category in the majority of states.” However, “*more surprising*” is that [otherwise] “youth character development organizations” are in the lead on the West Coast, while economic development organizations dominate in North Dakota, Wisconsin, Maryland, Virginia, and Michigan. In Louisiana and Indiana, the focus is on affordable housing.

Among the benefits of the Civis study is that it “highlights issues related to funding and draws attention to the challenging fact that the most common organizations are not always the best funded.”

### **Conclusion**

You’ll have to take your own deep dive into these reports to further compare and contrast their findings.

And – according to the NPQ’s Anne Eigeman – keep in mind that “this new data capacity is the people’s” so “nonprofits should be asking themselves **what questions they’d want to see posed**.” That’s an important and intriguing challenge for the sector to democratize its research and analysis efforts for the future.