



# The Philanthropic Collaborative

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## First-of-its-Kind Study Released on the Non-Government Response to the U.S. Economic Crisis

*New Report Analyzes the Significance of Foundation Crisis Grant-making*

Washington, D.C. (May 6, 2010) – A new study shows America’s foundations were swift, flexible and targeted in their response to the worst economic crisis since the Great Depression – using on-the-ground knowhow to make a significant impact. The study from The Philanthropic Collaborative (TPC) is the first of its kind to analyze the private-sector response to the crisis and shows that the federal government’s response was not the only story.

“The ability of foundations to be swift and flexible in their response allowed them to modify their giving throughout the crisis and ensure the grants went to those most in need,” said Doug Holtz-Eakin, author of the study. “During the U.S. economic collapse, we saw grant-making shift, expand and follow the larger unemployment and housing needs that developed and became acute in communities across the country. Even when foundations themselves faced financial stress from the very same crisis, our analysis shows a very clear shift in grant-making patterns to meet emerging economic needs.”

The study analyzed a sample of 2,672 grants that totaled \$472 million of foundation giving from 2008 to 2009, and early planned giving for 2010. In the area of preventing mortgage delinquencies and foreclosures, private and community foundations saturated their grant-making in states with higher than average delinquency rates. In 2009, for example, 95% of sampled grant-making, or \$296 million, went to high-delinquency states. As unemployment became a larger economic problem between 2008 and 2010, the analysis shows foundations devoted more activity to states suffering higher unemployment.

“In the City of Detroit, we have found working with the foundation community has been beneficial for our community and our residents. The foundations allow the city to stretch current budget dollars to plan for the future while continuing to provide services to the residents,” said **Detroit Mayor Dave Bing**. “The study by The Philanthropic Collaborative is representational of the impact foundations have on the City of Detroit,” he added.

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"Foundation grant-making is fundamental in helping to improve the lives of families during time of economic crisis," said **Denver Mayor John Hickenlooper**. "Private and community resources, when quickly targeted to local community needs, can play a major role in collective efforts to get local economies back on track. We have seen foundation giving in the Mile High City leverage positive social change with meaningful, measureable results."

"Some in our communities have been devastated by the economic crisis, which has taken a toll on municipal and state resources" said **Providence Mayor David Cicilline**. "While the responses from the federal and state governments are critically important, we cannot lose sight of the targeted and timely response from community foundations. Without their work, many more individuals and families would fall through the cracks in our system. Foundations are effective because they are part of our community, know the people, can bring aid to where it's needed most and act with speed and precision. They also embody another important attribute - they are able to provide assistance without the red tape and bureaucracy. This entrepreneurial approach is what makes them so effective and welcome in our efforts to ensure people have the means to weather this economic storm."

"I've said many times that government cannot do it all by itself. It must be a citizen movement," **Toledo Mayor Michael Bell**. "Organizations like the Toledo Community Foundation and the Stranahan Foundation help provide aid during times of economic distress for people who may otherwise slip through the cracks. We have to be involved as a community and philanthropy plays a vital role in our ability to provide for our citizens."

"This study illustrates the critical role foundations are able to play in assisting Americans and communities in crisis," said **John Tyler, Chairman of TPC**. "As impressive and encouraging as this is, though, it is only part of the story because previous TPC research has told us that each dollar of grant support from these foundations can generate on average more than eight times that amount of value in direct, economic benefits," he added.

The study analyzed a sample of grants for the years 2008 to 2009, and early planned giving for 2010, obtained from the Foundation Center, which maintains the most comprehensive database of foundations' grant-making activities. The data provides information on the amount, activity and target audience of each grant. Grants averaged \$176,608 but ranged from \$500 to \$5 million.

## **About Us**

*Dr. Doug Holtz-Eakin is a renowned economist and was the director of the Congressional Budget Office from 2003 to 2005, and is currently president of the American Action Forum.*

*The Philanthropic Collaborative (TPC) represents key participants in the world of philanthropy -- foundations, charities and elected officials. The Collaborative's mission is to ensure policymakers fully understand the important role foundations play in improving America's communities and, specifically, how foundation giving generates substantial and widespread economic and social benefits for all Americans. To learn more about TPC, please visit our website at [www.philanthropycollaborative.org](http://www.philanthropycollaborative.org).*