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United States Department of Agriculture

Economic
Research
Service

Economic
Information
Bulletin
Number 141

June 2015

Foundation Grants to Rural Areas From 2005 to 2010: Trends and Patterns

John L. Pender





United States Department of Agriculture

Economic Research Service

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Recommended citation format for this publication:

Pender, John L. *Foundation Grants to Rural Areas From 2005 to 2010: Trends and Patterns*, EIB-141, U.S. Department of Agriculture, Economic Research Service, June 2015.

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John L. Pender

Abstract

Grants to U.S. rural-based organizations accounted for 5.5 percent of the real value of domestic grants by large foundations during 2005 to 2010, with a slight downward trend over the period. If grants to urban-based organizations for rural development, rural health, and agriculture are included, the estimated rural share of large-foundation grants increases to 6.2 percent. Using a random sample of 200 large-foundation grants in 2010 and excluding grants that served both urban and rural people, the share of these grants that primarily benefited rural people was 6.3 percent. Data on grants by smaller foundations reveal that 7.5 percent of the value of these grants in 2005 and 7.0 percent in 2009 was to rural-based organizations. Considering that the rural share of the U.S. population was 19 percent in 2010, these estimates suggest an urban focus of foundation grants. A similar conclusion is suggested by the geographic distribution of grants across counties. The average real value of grants from large foundations to organizations based in nonmetro counties from 2005 to 2010 was about \$88 per capita (in 2010 dollars), less than half the average given to organizations in metro counties. The analysis found that differences in educational attainment and in the capacity of local nonprofit organizations account for a substantial share of the variation across counties in grants per capita. Other trends and patterns of foundation grants are also discussed in the report.

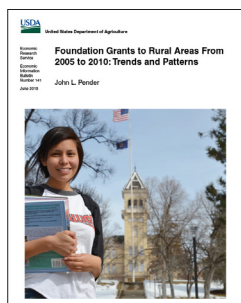
Keywords: Rural community development, foundations, philanthropic foundations, foundation grants

Acknowledgments

The author thanks the Foundation Center for providing pro bono data on small foundations and small grants and for answering numerous questions about the data on grants by both large and small foundations. The author also thanks Leah Williams, Alma Young, and Emma Pacheco, all of USDA Economic Research Service (USDA/ERS), who provided research assistance. Comments were provided by several reviewers, including Steven Lawrence of the Foundation Center; Deborah Markley, Center for Rural Entrepreneurship; Bruce Weber, Oregon State University; Chris Beck, USDA Rural Development; John King (USDA/ERS); and two anonymous external reviewers. Thanks also to Courtney Knauth and Curtia Taylor (USDA/ERS) for editorial and design assistance, and to Timothy Parker (USDA/ERS) for help in producing figure 7.

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Foundation Grants to Rural Areas From 2005 to 2010: Trends and Patterns

John L. Pender

What Is the Issue?

U.S. foundations are an important source of funds for public needs in the United States and elsewhere, providing more than \$45 billion in grants in 2010. Although this represents a small share of total annual contributions to charities and other nonprofit organizations, foundations may have an outsize impact because of their relative independence from political and market pressures.

Some observers have noted that the share of foundation grants for rural development has declined in recent years and argue that foundations are neglecting rural America. However, the available estimates provide little information on the scope and trends of total foundation giving to rural areas or on how grant funds are distributed geographically. The purpose of this study is to characterize recent trends and patterns of foundation grants to rural communities. Understanding the distribution of foundation grants to and across rural areas can help policy-makers improve the effectiveness of public programs targeted to these areas, since foundation grants may complement or substitute for public investments.

What Did the Study Find?

Grants to U.S. rural-based organizations accounted for 5.5 percent of the real value of domestic grants by large foundations during 2005 to 2010, with a slight downward trend (based on Foundation Center data on grants by the largest 1,200 to 1,400 foundations). Adding grants to urban-based organizations for selected purposes that primarily benefit rural areas—including rural development, rural health, and agriculture—increases the estimated rural share of large-foundation grants to 6.2 percent. This estimate is still only a rough proxy for the share of foundation grants that benefited rural people, since other grants to urban-based organizations may benefit rural people and vice versa. To better estimate the share of the total value of grants that primarily benefited rural residents, the author selected a random sample of 200 large-foundation grants in 2010. Using publicly available information on these grants and their recipients and excluding grants that served both urban and rural people, the author estimated that the share of the value of grants designed to produce rural benefits was 6.3 percent. In addition, using data on an assortment of grants by smaller foundations, the author found that 7.5 percent of the value of

ERS is a primary source of economic research and analysis from the U.S. Department of Agriculture, providing timely information on economic and policy issues related to agriculture, food, the environment, and rural America.

these grants in 2005 and 7.0 percent in 2009 were to rural-based organizations. Considering that the rural share of the U.S. population was 19 percent in 2010, all of these estimates suggest an urban focus of foundation grants.

Assuming that 6 to 7 percent of U.S. domestic foundation grants (from both large and small foundations) benefited rural areas, the total value of such grants in 2010 is estimated as \$2.2 to \$2.5 billion. This is comparable to the value of grants provided by USDA to rural areas through its Rural Development programs in 2010, though significantly smaller than the agency's total rural support—which includes loans and loan guarantees—of nearly \$28 billion.

The study further found that:

- Private independent foundations are the dominant source of foundation grants for both rural and urban-based organizations. Other types of foundations—corporate foundations, operating foundations, and community foundations—provided only 20 to 30 percent of the value of large-foundation grants between 2005 and 2010, although the share of grant funds provided by community foundations increased during this period.
- While the total value of foundation grants to rural areas is substantial, the average real value per person (i.e., the total real value of grants, in 2010 dollars, divided by the county average population from 2006 to 2010) provided by large foundations to organizations based in nonmetro counties from 2005 to 2010 was only about \$88 per person—less than half the average provided to organizations in metro counties.
- There are large variations in the rural distribution of foundation grants, with 18 percent of nonmetro counties having no grant recipients from 2005 to 2010 and some counties receiving more than \$10,000 per person.
- Counties with a larger college-educated share of population or with more assets held by nonprofit organizations tend to receive more grant funds per person in both nonmetro and metro counties.
- No robust relationships were found between population density or poverty rates and the level of grant funding per person, in either metro or nonmetro counties.

Though the purposes of grants to rural- and urban-based organizations are broadly similar, the study found some differences:

- Grants for higher education, environmental concerns, and recreation and leisure are more common to rural than to urban organizations.
- Grants for arts, culture and humanities, health, medical research, and science and technology research are more common to urban organizations.
- Grants to rural organizations are more likely to support direct investments in physical and human capital and less likely to support direct investments in financial or intellectual capital than are grants to urban organizations.

How Was the Study Conducted?

This study used domestic grant data from the Foundation Center, augmented by data from the National Center for Charitable Statistics, the Census Bureau, and USDA's Economic Research Service, to estimate the geographic patterns of foundation grants and investigate correlations of those grants with geographic, demographic, and socioeconomic factors. Most of the analysis used Foundation Center data on grants of at least \$10,000 by the largest 1,200 to 1,400 foundations (the number of foundations included in the Foundation Center grant data varies by year), which accounted for about half of the value of total U.S. foundation grants. The analysis was supplemented by data on an assortment of smaller grants and grants by smaller foundations, also provided by the Foundation Center.

Foundation Grants to Rural Areas From 2005 to 2010: Trends and Patterns

John L. Pender

Introduction

U.S. foundations¹ are an important source of funds for investments supporting public needs in the United States. In 2010, foundations authorized more than \$45 billion in grants, with nearly three-fourths used for domestic purposes (Foundation Center, 2011a). Although this was less than one-sixth of total private contributions to nonprofit organizations in the United States (Lilly Family School of Philanthropy, 2013) and only about one-fourth of the value of Government grants to public charities in 2010 (Blackwood, Roeger, and Pettijohn, 2012), some observers have argued that foundations can have an outsized impact as a result of their relative independence from political and market pressures and their ability to take a longer term perspective (e.g., Porter and Kramer, 1999). Foundations have historically pioneered many technologies or approaches subsequently taken up by Federal, State, or local governments or the private sector. Examples of high-impact foundation investments include development of several of the top private universities in the United States, development of the modern system of medical school training and other professional education systems, eradication of major diseases and parasites, and the Green Revolution, which more than doubled wheat and rice yields in Asia (Bremner, 1988; Fleishman, 2009; Hall, 2006; Porter & Kramer, 1999).

Although the overall trends in foundation giving are well documented, little is known about grants benefiting domestic rural areas in particular. A few estimates of foundation grants for U.S. rural development purposes have been cited in magazine articles. For example, Cohen (2011) estimated that foundation grants for domestic rural development declined from \$92.7 million in 2004 to \$89.5 million in 2008, despite a 43.4 percent increase in the total value of foundation grants over the same period. However, these estimates miss a large number of grants categorized by the Foundation Center as being for other purposes but that are important to rural areas, such as grants for rural health, education, and agriculture. Hence, the available estimates provide little information on the scope and trends in total foundation giving to rural areas. Furthermore, these estimates say nothing about how grant funds are distributed. Accordingly, the purpose of this study is to characterize recent trends and patterns of foundation grants assisting rural communities.

Grant Distribution: Importance of the Analysis

Understanding the geographic distribution of foundation grants in general, and of grants to rural areas in particular, is important for several reasons. One reason, for public policy purposes, is that foundation grants may interact with Federal, State or other public programs targeted to particular geographic regions, potentially affecting the impact of such programs. In some cases, foundation

¹See the box “Types of Foundations” for a definition of foundations and examples of each type.

grants may complement public programs, perhaps by investing in the capacity of nonprofit organizations to plan and implement programs, which may increase the effectiveness and impact of Government investments in the same organizations. On the other hand, foundation grants may sometimes substitute for investments by public agencies. In either case, a better understanding of what foundations are doing, and where, can help policymakers maximize the effectiveness of Government programs.

Another reason for understanding the geographic distribution of foundation grants relates to equity in the use of tax expenditures. A number of observers have argued that as tax-exempt, often-powerful organizations, foundations should be accountable to the public for their use of funds (e.g., see the references cited in Frumkin, 2006). The legal and regulatory requirements that foundations must follow, such as minimum payout requirements, attest to the fact that some public accountability is required. However, legal requirements have focused mainly on financial accountability; efforts to require substantive accountability of foundations (i.e. accountability for what foundations try to accomplish and how well they accomplish it) have generally failed historically (Prewitt, 2006). But the issue of foundation legitimacy and accountability remains a continuing public debate, and the geographic distribution of foundation funds to rural versus urban areas is an important dimension of the debate (in addition to the distribution of grants across demographic groups, socioeconomic classes, and other elements of society).

The study addresses the following questions:

1. How much foundation grant funding has been provided to benefit rural communities in recent years? What share of total foundation funding does this represent, and what is the trend of this funding?
2. How are foundation grants allocated among different purposes and types of investments in rural areas?
3. What are the main sources of foundation grant funding to rural areas, by types of foundations?
4. How are foundation grants distributed geographically? How do the patterns of foundation grants to rural areas relate to factors that reflect the opportunities or need for philanthropic investments, such as education, poverty, and other factors?

It is not possible to know from the available data exactly how much of foundation grant funds benefit rural areas. However, the estimates in this report concerning the share of foundation grants and grant dollars benefiting rural areas are fairly consistent across several different methods of estimation.

In addressing the above questions, the analysis first focuses on foundation grants to recipient organizations based in rural areas, supplementing this with information on grants to urban-based organizations for purposes judged primarily to benefit rural areas (such as grants for agriculture, rural development, and rural health). However, this does not include grants to urban-based organizations for other purposes that may also have benefited rural areas or grants to rural-based organizations that may have benefited urban areas.

The estimates are repeated excluding one important grant-recipient type that provides benefits not limited to urban or rural areas, regardless of its location: universities. When grants to universities are removed from the analysis, the share of grant funds received by rural-based organizations remains close to the first estimate.

Finally, the author estimates the share of large-foundation grants benefiting rural areas using more detailed investigation of a random sample of 200 grants and reaches a conclusion similar to that of the first 2 estimates.

Data and Methods

The main data source for this study is the research data of the Foundation Center (FC) for 2005 to 2010, which includes data on all grants of at least \$10,000 awarded or paid² by the largest U.S. foundations, including private foundations (independent or family foundations, corporate foundations, and operating foundations) and community foundations (see box, “Types of Foundations” for descriptions). The foundations included in the data vary somewhat from year to year, due to delays in reporting and other data availability issues (Foundation Center, 2011a). The data for 2009 included information from 1,384 foundations, including more than 800 of the largest 1,000 foundations nationwide (in terms of total value of grants) and the largest 15 foundations in each State (Foundation Center, 2011a). The sources of the FC data include forms filed with the Internal Revenue Service (Form 990-PF for private foundations and Form 990 for community foundations), supplemented by information collected by the FC from foundations’ annual reports, newsletters, news releases, grant lists, and other sources.

The FC data for this study include only domestic grants. As a result, fewer foundations were included in these data than the total in the FC research data. For example, our data include grants from only 1,301 of the 1,384 foundations in the FC data for 2009. The number of foundations included in our data for other years was 1,214 in 2005, 1,391 in 2006, 1,390 in 2007, 1,428 in 2008, and 1,082 in 2010.

The changing number of foundations in the data presents a methodological problem: the underlying population for the FC data does not appear to be well defined. The FC’s approach to this problem when it analyzes trends is to use a subset of foundations for which a complete set of observations is available for all years considered. That approach has the advantage of using a well-defined population of grantmakers, but it misses changes in foundation funding during the study period resulting from new foundations entering, foundations stopping grants during the entire period, and foundations not giving grants during some of the years.

There is no obvious solution to this problem. Our approach to it is to analyze the FC large-foundation data as they are and to supplement that with some analysis of grants by the subset of foundations that have a complete panel of all 6 years of grant data from 2005 to 2010. There are 419 foundations in this subset, accounting for 62 percent of the total real value of grants in the FC data from that period and including the 10 largest domestic grantmakers (in terms of the real value of domestic grants).³

Another limitation of the FC research dataset is that it excludes grants made by smaller foundations and grants smaller than \$10,000.⁴ There were more than 76,000 U.S. foundations in 2010,

² The Foundation Center data report grants either when the grant is awarded or when it is paid. Most grant data are for the date when the grant was paid. For example, in the 2010 data, 64 percent of large-foundation grants were for the time the grant was paid, and these grants represented 59 percent of the value of grants.

³ The 10 largest domestic grantmakers from 2005 to 2010, in descending order of real value of grants, were the Bill and Melinda Gates Foundation, the Robert Wood Johnson Foundation, the Lilly Endowment Inc., the Ford Foundation, the Annenberg Foundation, the W.K. Kellogg Foundation, the Andrew W. Mellon Foundation, the Kresge Foundation, the William and Flora Hewlett Foundation, and the David and Lucile Packard Foundation.

⁴ The FC data also exclude foundation grants made directly to individuals, expenditures for foundation-administered projects, grants awarded by a private or community foundation to another grantmaking U.S. foundation (to avoid double counting), grants awarded by public charities and other nonprofits (other than private and community foundations), and grants awarded through corporate-giving programs.

Box. Types of Foundations

According to the Foundation Center (FC), “A foundation is a non-governmental entity that is established as a nonprofit corporation or a charitable trust, with a principal purpose of making grants to unrelated organizations, institutions or individuals for scientific, educational, cultural, religious, or other charitable purposes” (<http://www.grantspace.org/Tools/Knowledge-Base/Funding-Resources/Foundations/what-is-a-foundation>). Foundations include private foundations and grantmaking public charities, also called public foundations. All are exempt from Federal income tax according to 26 U.S.C. Section 501 (c) (3). In addition, donations to foundations are tax deductible, with limits that are more restrictive for donations to most private foundations than donations to public foundations and other public charities (<http://www.irs.gov/Charities-&-Non-Profits/Charitable-Organizations/Charitable-Contribution-Deductions>).

Private Foundations

Private foundations make grants from an asset endowment or principal fund. There are three types of private foundations: independent, company-sponsored or corporate, and operating (http://foundationcenter.org/getstarted/tutorials/ft_tutorial/what.html).

Independent foundations are foundations that receive endowments from individuals or families. Independent nonfamily foundations work without the further involvement of the donor and donor family, while independent family foundations have the continuing involvement of the donor or donor family.¹ The largest private foundations are independent foundations.

Corporate foundations receive funds from their parent companies but are legally separate entities.

Operating foundations run their own programs and services and usually do not provide much grant support to outside organizations.

Public Foundations

Public foundations receive funding from diverse sources and must continue to do so to retain public charity status. There are numerous types of public foundations, including community foundations, women’s funds, and health care conversion foundations (established with the proceeds of sale of a health care organization from a nonprofit organization to a profit-making business), among others.

Community foundations seek support from the public and provide grants to support a defined geographic community or region.

Other types of public foundations besides community foundations are not generally reflected in the FC grants data.

¹ In the remainder of this report, the joint category of independent nonfamily or family foundations is referred to as independent foundations.

and no dataset includes all grants or even grants larger than \$10,000 by all foundations. In 2009, the total value of grants in the FC research dataset was \$22.1 billion (Foundation Center, 2011a), slightly less than half the total value of U.S. foundation grants of \$45.8 billion that year (Foundation Center, 2011b). The FC does have data in its Foundation Directory Online (FDO) on an assortment of smaller grants and grants by smaller foundations but does not claim that these data are statistically representative. The FC provided these FDO data pro bono for 2 years, 2005 and 2009.⁵ For 2009, the FDO data include \$5.5 billion worth of smaller grants and grants by smaller foundations, representing 23 percent of the total value of U.S. foundation grants excluded from the FC research dataset in 2009. The grants included in the FDO data appear to be based largely on the FC's ease of obtaining information about them, for example, if the foundation provided electronic filing information to the FC or had worked with the FC in the past. The study author analyzed the FDO data for 2005 and 2009 to assess the extent to which his findings on the share of large-foundation grants to rural recipients using the FC research data were similar to the share of small grants to rural recipients using the FDO data.

Grants to recipient organizations based in rural locations were identified using the ZIP Code of the recipient, combined with data on rural-urban commuting area (RUCA) codes to determine which ZIP Codes were in rural areas. The author used the RUCA code categorization suggested by the University of Washington's Rural Health Research Center to identify rural versus urban ZIP Codes, (available at <http://depts.washington.edu/uwruca/ruca-uses.php>).⁶ This method does not account for all grants that benefit rural areas, since some of the grants to urban-based organizations may benefit rural areas, and some grants to rural-based organizations may benefit urban areas. To partially address this issue, the author estimated the amount of grant funds provided to urban-based organizations for purposes that are likely to be predominantly for rural areas: rural development, rural health, and agriculture.⁷ The value of these grants was added to the value of grants to rural-based organizations to get a more complete estimate of the value of grants benefiting rural areas. This estimate is still likely incomplete, however, since some grants to urban-based organizations for other purposes such as education, recreation, conservation, or the environment may also benefit rural areas. There is no perfect solution to this problem using the available data, and we are left with what may be a conservative estimate of the amount of foundation grant funds benefiting rural areas.⁸

An alternative approach to estimating the share of grants benefiting rural areas is to draw a random sample of the grants in the database and investigate the nature of the beneficiaries and the purpose of the grants, using publicly available information about the recipient organizations and the grants. To pursue this approach, the author selected a random sample of 200 grants from the Foundation

⁵ The 2010 FDO data were less complete than the 2009 FDO data at the time these data were provided to the Economic Research Service, so we requested the 2009 data.

⁶ This classification of rural-based versus urban-based recipients was used only to estimate the share of foundation grant funding received by rural-based versus urban-based organizations. As will be explained later, when the author investigated the geographic, demographic, and socioeconomic correlates of foundation grants, he used county-level data for these other variables and hence used the county-level classification of recipient counties as either metro or nonmetro counties for that analysis (see table 1 for an explanation of the rural-urban classifications used in this report).

⁷ These three purposes are the only ones found in the classification of grant purposes used by the Foundation Center that appear to be primarily for rural areas. Of course, these purposes are not necessarily only for rural areas. For example, grants for agriculture could include grants to promote urban agriculture.

⁸ This assumes that the value of grants going to rural recipients that benefit urban areas is smaller than the value of grants going to urban recipients that benefit rural areas (other than grants for rural development, rural health, and agriculture, which the analysis has accounted for).

Table 1

Rural versus urban classifications used in this report

Analysis	Classification of Rural and Urban	Source of Classification
Estimating the share of foundation grants to rural-based or urban-based organizations	Based on the ZIP Code of the recipient organization, and the rural urban commuting area (RUCA) codes of ZIP Code areas. Using the classification provided by the Rural Health Research Center (RHRC), areas with RUCA codes equal to 1.0, 1.1, 2.0, 2.1, 3.0, 4.1, 5.1, 7.1, 8.1, and 10.1 are urban, and all other areas are rural (either large rural city/town, small rural town, or isolated small rural town)	RHRC at the University of Washington, RUCA codes and rural/urban classifications available at http://depts.washington.edu/uwruca/ruca-data.php
Estimating the share of foundation grants provided primarily for rural vs. urban beneficiaries (Appendix 1)	Based on whether the area where most beneficiaries reside (e.g., city or town, county, other region) is a metropolitan area, nonmetropolitan area, or includes both	Office of Management and Budget (OMB) classification of regions as metropolitan or nonmetropolitan (see http://www.ers.usda.gov/topics/rural-economy-population/rural-classifications/what-is-rural.aspx)
Investigating the geographic distribution of foundation grants and correlations with various variables	Based on the metro/nonmetro status of the county in which the grant recipient organization is based and county-level data for other geographic, demographic, and socioeconomic variables	OMB classification of counties as metropolitan or nonmetropolitan

Center's sizeable collection of data on large-foundation grants for 2010. For each grant, he combined the information in the FC data with information from the websites of the recipient organizations, along with other publicly available information on the recipient organizations and the grant program, to classify the beneficiaries of the grant as primarily urban people, rural people, or both urban and rural people more generally (e.g., a multicounty region including both rural and urban areas, a State, or the Nation as a whole).

A listing of the sample grants and how they were classified is provided in Appendix 1. In most cases, it was fairly easy to decide whether a grant's beneficiaries would be in one of the three categories. For example, a grant to a school (other than a boarding school), a hospital (unless the grant was for research), a YMCA, or a United Way campaign in a major city would be classified as primarily benefiting urban people (unless other evidence was available that the grant was also intended to serve rural people). By contrast, a grant to a school or health clinic in a small rural town would be classified as primarily benefiting rural people. Grants to national or State-level advocacy or policy organizations, environmental organizations with a broad public purpose (not beautification programs in a particular city or town), grants to colleges and universities, and other research grants with a broad public purpose were classified as benefiting a more general population. Cases more difficult to classify included some of the grants for the arts or historical or cultural societies. In general, the author classified grants to such organizations based on their location, unless the grant had a broader purpose such as developing a curriculum that could be used in other locations or unless the organization served a clientele extending well beyond the town or city in which it was located. Thus, a grant to an opera theater in a large city would be classified as primarily benefiting urban people, while a grant for developing an online arts curriculum or a grant to a national historic landmark would be classified as serving a broader public.

The FC data are supplemented by data on nonprofit organizations from the National Center for Charitable Statistics and county-level data from the 2010 Population Census, the American Community Survey, and the USDA Economic Research Service (ERS) to investigate the socioeconomic characteristics of counties with organizations receiving grants from 2005 to 2010. The investigation was based on correlation analysis and multiple regression analysis.⁹ Two versions of each analysis were conducted; one including all domestic grants and one excluding grants made to universities. Grants to universities were excluded in one version of the analysis because such grants are unlikely to be classifiable as benefiting primarily rural or urban people.¹⁰

⁹ The regression analysis results are reported in Appendix 2.

¹⁰ The author is grateful to Steven Lawrence, Research Director of the Foundation Center, for suggesting this additional analysis.

Philanthropic Foundations in the United States: A Brief History

The modern foundation emerged as an organizational form at the turn of the 20th century as industrialists such as Andrew Carnegie and John D. Rockefeller sought ways to use their vast wealth to benefit society at large (Bremner, 1988; Hall, 2006). In an influential essay, Andrew Carnegie argued that wealthy people could provide much greater benefit to society by investing their wealth in public goods such as libraries and educational institutions during their lifetimes than by bequeathing it to heirs or to the public after death (voluntarily or through taxes) (Carnegie, 1889). Consistent with this view, many of the foundation investments supported by the Carnegie, Rockefeller, and other early U.S. foundations emphasized investments in such public goods.

After a successful campaign to liberalize charity laws in New York (and a few other States) in the 1890s, Carnegie established three foundations within the first 11 years of the 20th century. Rockefeller initially faced political opposition to establishing a foundation, but the Rockefeller Foundation was eventually chartered in 1913. That year, the Revenue Act of 1913 was enacted, which reintroduced the Federal income tax (after ratification of the Sixteenth Amendment) and exempted religious, charitable, scientific, and educational organizations from income tax.¹¹ One year later, the Cleveland Foundation, the first community foundation, was founded (Bremner, 1988).

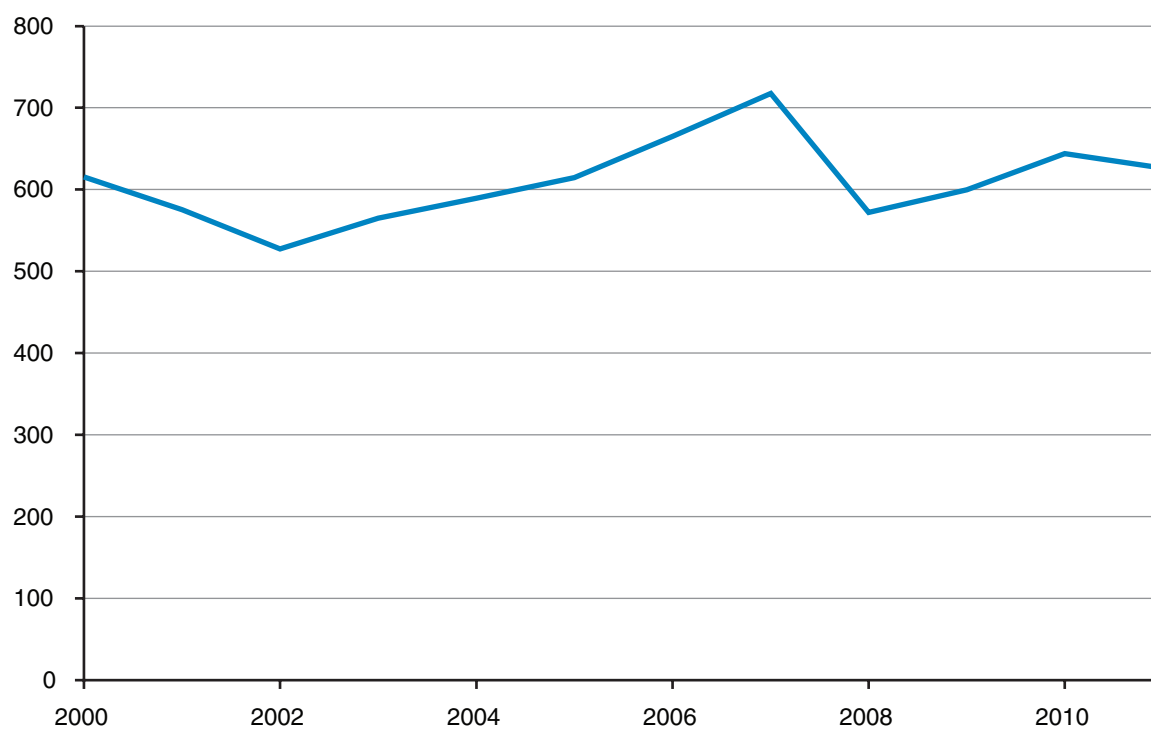
The number of U.S. foundations grew rapidly in subsequent decades, from 27 in 1915 to nearly 22,000 by 1975. The value of foundation assets also grew, especially during the stock market booms of the 1920s, 1950s and 1960s (Hammack, 2006). Although the proliferation of foundations slowed in the 1970s, rapid growth resumed in the 1980s and 1990s. Between 1980 and 2000, the number of foundations nearly tripled, and the real value of their assets quintupled (Anheier, 2005).

The number of foundations continued to grow throughout the first decade of the present millennium, and by 2010 there were more than 76,000 U.S. foundations (Foundation Center, 2011b). The real value of foundation assets rose and fell with changes in asset prices in the economy after 2000, declining during the recession of 2001 and 2002, rising and peaking in 2007, falling dramatically in 2008, and subsequently recovering (fig. 1).

¹¹ Subsequently, the Revenue Act of 1921 (Sec. 214. (a)(11)(B)) specifically listed contributions to “any corporation, or community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes” as deductible from the Federal income tax.

Figure 1

Real value of total U.S. foundation assets, 2000-2011 (\$ billion, 2010)



Source: USDA, Economic Research Service using data from Foundation Center (2011b) and Lawrence (2012).

Trends and Patterns in Domestic Foundation Grants

Recent Trends

The total real value of U.S. foundation grants has followed a somewhat similar trend to the value of foundation assets since 2000, declining after the recession in 2001, then increasing to a peak in 2008 and declining during the recession in 2009 and 2010 (Lawrence, 2012, fig. 2). The value of grants did not decline as much as asset values during the recessions, indicating that foundations increased the share of their assets donated in response to these downturns.

From 2005 to 2010, the real value of grants to rural-based organizations averaged 5.5 percent of total domestic grants by large foundations, with a slight downward trend except for an increase in 2008 (fig. 3) that was due largely to a \$165 million grant from the T. Boone Pickens Foundation to Oklahoma State University that year. Excluding grants to universities, which generally serve a broader population than the geographic location of the university, still results in an estimate of 5 to 6 percent of grant dollars received by rural-based organizations, with no trend evident. Focusing on a panel of 419 large foundations for which foundation grant data are available for all years from 2005 to 2010 yields a similar story. Grants to rural-based organizations amounted to about 5 percent of the total value of domestic grants by these foundations in every year from 2005 to 2010, again with no evident trend.

The Foundation Center's FDO data on smaller grants and grants by smaller foundations reveal similar results, though they indicate a slightly larger share of these grants to rural-based recipients. In 2005 and 2009, respectively, 7.5 and 7.0 percent of the value of small grants and grants by smaller foundations was to rural-based organizations.

These figures do not include the value of foundation grants to urban-based organizations that benefited people in rural areas but do include grants to rural-based organizations that benefited people in urban areas, both of which can bias the estimates. Data are not available that would enable identification of the total amount of such grants. However, using data on the stated purposes of foundation grants, it is possible to identify some grants to urban-based organizations that appear to be primarily for rural purposes.

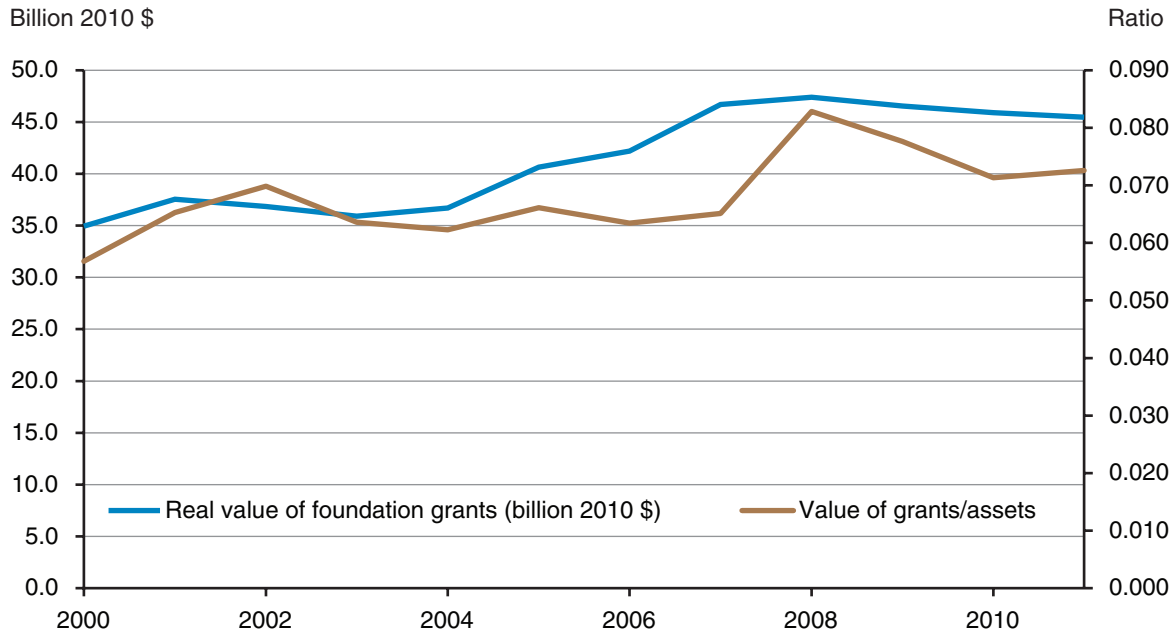
Purposes of Foundation Grants

The most common purposes of grants for both rural and urban recipients are for enhancements in education, human services, arts, culture, humanities, and health (table 2). These categories accounted for more than half of the real value of grants to both rural and urban-based organizations from 2005 to 2010. Grants for higher education, environmental purposes, and recreation and leisure, are more common for rural-based organizations, while grants for arts, culture and humanities, health, medical research, promotion of philanthropy, and science and technology research are more common for urban-based organizations.

Among the many stated purposes of foundation grants, three appear to be linked primarily to rural areas: grants for rural development, rural health, and agriculture (although some grants for agriculture could be for urban agriculture). Figure 4 shows the total value of grants by large foundations for each of these purposes from 2005 to 2010. In total, these three purposes accounted for about 1 percent of the value of domestic grants by large foundations during this period, and 73 percent of the value of these grants was provided to urban-based recipients. Hence, about 0.7 percent of the total value of domestic grants by large foundations was to urban-based recipients for these primarily rural purposes.

Figure 2

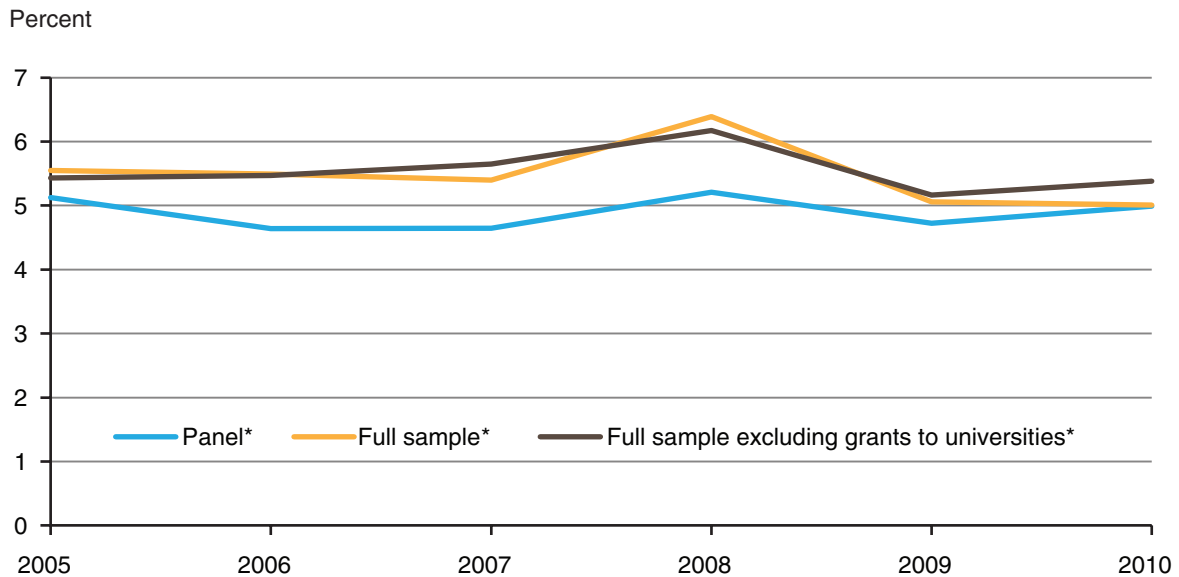
Real value of total U.S. foundation grants, and ratio of total grant value to value of foundation assets, 2000-2011 (\$ billion, 2010)



Source: USDA, Economic Research Service using data from Foundation Center (2011b) and Lawrence (2012).

Figure 3

Share of value of large-foundation grant dollars to rural-based recipients, 2005-2010



* "Panel" refers to the data on U.S. domestic grants by the 419 large foundations for which data for every year from 2005 through 2010 were available. "Full sample" refers to the data on U.S. domestic grants by all large foundations from 2005 through 2010. "Full sample excluding grants to universities" refers to the data on U.S. domestic grants by all large foundations from 2005 through 2010, excluding grants to universities.

Source: USDA, Economic Research Service using Foundation Center data on U.S. domestic grants by large foundations.

Table 2

Primary purposes of large foundation grants to domestic rural- versus urban-based organizations, 2005 to 2010 (percent of real grant value)

Purpose	Share of real grant value (%)	
	Rural orgs.	Urban orgs.
Arts, culture, & humanities	9.46	14.46
Community improvement/capacity building	3.69	3.83
Diseases, disorder, medical disabilities	1.45	1.85
Education		
– Primary/secondary/vocational	7.60	8.95
– Higher/graduate/professional	26.08	13.81
– Other educational services	6.68	4.42
Environmental quality, protection	7.58	4.66
Food, agriculture, and nutrition	1.04	0.97
Health – general & rehabilitative	9.04	10.45
Housing, shelter	2.00	1.75
Human services	7.33	6.96
Medical research	0.55	3.68
Mental health, crisis intervention	1.49	1.27
Recreation, sports, leisure	3.80	1.73
Philanthropy, voluntarism	1.01	4.90
Public affairs and society	2.08	2.42
Religion, spiritual development	2.57	2.18
Science/technology research institutions	1.81	3.32
Youth development	1.95	2.10
Other	2.79	6.29
Total value of grants (2010 \$)	\$5.45 billion	\$93.40 billion

Source: USDA, Economic Research Service using Foundation Center data on U.S. domestic grants by large foundations.

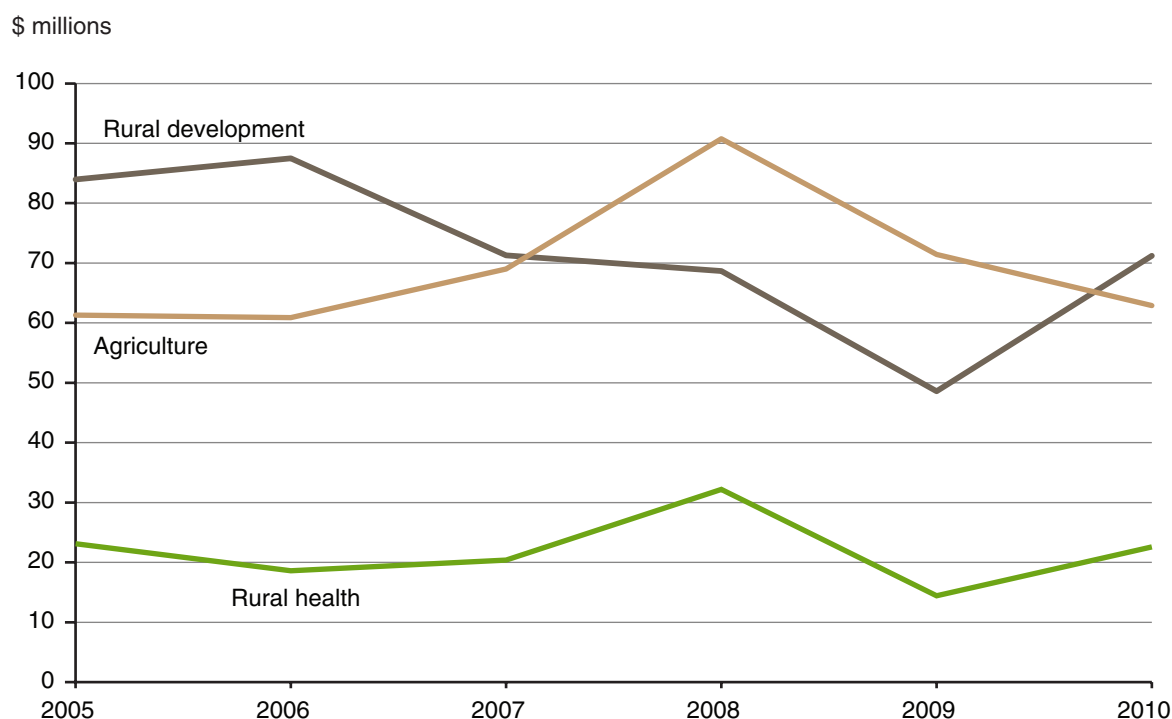
Rural Share of Domestic Foundation Grants

Adding the share of grant value provided to urban-based organizations for rural development, rural health, or agriculture (0.7 percent) to the share of the value of domestic grants provided to rural-based organizations increases the estimated share of the value of grants for rural benefits from 5.5 percent to 6.2 percent during 2005 to 2010. This may be a lower bound estimate of the share of grant value benefiting rural areas, since some grants for other purposes (e.g., education, human services, conservation, and environmental concerns) provided to urban-based recipients may also benefit rural areas. This share is much less than the rural share of the U.S. population, which was about 19 percent in 2010.¹² This comparison suggests an urban focus in the allocation of foundation grants, although one cannot prove it with these data.

¹² This estimated rural share of the U.S. population was based on classification of Zip Code Tabulation Areas as rural or urban using RUCA codes and 2010 Population Census data aggregated to Zip Code Tabulation Areas. A similar rural share of the U.S. population in 2010 (19.3 percent) is reported by the U.S. Census Bureau (<https://ask.census.gov/faq.php?id=5000&faqId=5971>).

Figure 4

Real value of large-foundation grant dollars for selected purposes, 2005-2010
(\$ million, 2010)



Source: USDA, Economic Research Service using Foundation Center data on U.S. domestic grants by large foundations.

Using a random sample of 200 large-foundation grants in 2010 and publicly available data on the recipient organizations and the grants, the author classified each sample grant as primarily benefiting rural people, urban people, or a more general beneficiary population of both rural and urban people (table 3). Of these sample grants, 5.5 percent appear to primarily benefit rural people, 56.0 percent appear to benefit urban people, and the remaining 38.5 percent appear to benefit a broader population that includes both. Since the sample grants primarily benefiting rural or urban people tended to be smaller in size than those benefiting a broader population, the shares of the total value of the sample grants that primarily benefited rural or urban people were smaller than the shares of the number of grants benefiting these groups: 2.8 percent of the total value of the sample grants primarily benefited rural people and 41.6 percent of the total value primarily benefited urban people, with almost 56 percent benefiting a broader population.

The 2.8 percent of the value of grants benefiting primarily rural people is an underestimate of the share of the value that has some benefit in rural areas, since some of the grants that benefit a broader population provide benefits to rural people. Unfortunately, there is no way to estimate the share of the value of these more general grants for which this is true. If we exclude the more general grants, the estimated share of the remaining allocable grants that benefited primarily rural people in 2010 is 6.3 percent.¹³ This estimate is statistically significantly less than the rural share of the population in

¹³ This estimate is based on dividing the share of the value of grants primarily benefiting rural people (2.8 percent) by the share of the value of grants primarily benefiting rural people or primarily benefiting urban people (2.8 percent + 41.6 percent).

Table 3

Grants benefiting primarily rural, primarily urban, or more general categories of beneficiaries—based on analysis of a random sample of 200 large-foundation grants in 2010

Variable	Classification of grant beneficiaries		
	Primarily rural	Primarily urban	More general
Share of grants¹			
Share of all sample grants (n = 200)	5.5% (1.6%)	56.0% (3.5%)	38.5% (3.4%)
Share of sample grants to rural-based organizations (n=12)	75.0% (13.1%)	0.0% (0.0%)	25.0% (13.1%)
Share of sample grants to urban-based organizations (n=188)	1.1% (0.8%)	59.6% (3.6%)	39.4% (3.6%)
Share of value of grants¹			
Share of total value of all sample grants	2.8% (1.4%)	41.6% (8.2%)	55.6% (8.3%)
Share of value of sample grants to rural-based organizations	16.6% (15.0%)	0.0% (0.0%)	83.4% (15.0%)
Share of value of sample grants to urban-based organizations	1.8% (1.4%)	44.6% (8.5%)	53.7% (8.6%)

¹The shares add horizontally across columns to 100%, except for rounding errors.

Standard errors are in parentheses.

Source: USDA, Economic Research Service using a random sample of grants from the Foundation Center data on U.S. domestic grants by large foundations.

2010 (19 percent), suggesting an urban focus in large-foundation grantmaking.¹⁴ The estimate from the sample of grants is remarkably close to that obtained earlier for all large-foundation grants from 2005 to 2010, using the share of the value of grants to rural-based organizations plus the share to urban-based organizations for rural development, rural health, and agriculture (6.2 percent).

Although the author obtained a similar estimate for the share of the value of grants benefiting rural areas by using the location of grant recipients as a proxy for identifying rural beneficiaries, the results in table 3 demonstrate some of the errors involved in using the location of the recipient organization to classify the likely beneficiaries. The location-based classification does not account for grants that provide benefits to populations beyond the locale of the recipient organization, which appear to account for the majority of grant funds, as estimated in table 3. Grants benefiting a broader population account for 54 percent of the total value of grants to urban-based organizations in the sample analyzed. Such broader-benefit grants accounted for 83 percent of the value of the sample grants to rural-based organizations, while only 17 percent of the value of those grants benefited primarily rural people. These errors tend to offset each other, leading to a similar estimate of the share of the total grant value benefiting rural people using the location of the recipient organization as a proxy.¹⁵

¹⁴ Formally, the author tested whether the ratio of the value of primarily rural grants to the value of primarily urban grants (2.8 percent/41.6 percent = 0.067) was statistically significantly different from the ratio of rural population to urban population in 2010 (19 percent/81 percent = 0.235). The F statistic for this test (F(1, 199)) is 20.47, which has a statistical significance level of less than 0.0001. This means that the probability is less than 1 in 10,000 that the estimated ratio of the value of rural grants to urban grants would be as small as 0.067 in the sample of grants if the true ratio of these values in the population of all grants was 0.235 (i.e., the same as the ratio of the rural to urban population).

¹⁵ In the sample grants, 7.1 percent of the total value of grants was provided to rural-based organizations.

Using 6 to 7 percent as a rough estimate of the share of the value of domestic foundation grants benefiting rural areas, the author estimates that the total value of foundation grants benefiting those areas in 2010 was in the range of \$2.2 to \$2.5 billion.¹⁶ This amount is comparable to the total value of grants provided by the U.S. Department of Agriculture's (USDA) Rural Development mission area to rural beneficiaries in FY 2010—about \$1.9 billion (USDA, 2011). This figure does not include the value of direct and guaranteed loans provided to rural areas by USDA Rural Development, which amounted to nearly \$26 billion in FY 2010,¹⁷ or grants and loans provided to rural areas under other USDA or other Federal Government programs. Considering all Federal programs, the total value of Federal assistance to rural areas is certainly much greater than the value of foundation grants to these areas.

The remainder of this analysis focuses solely on grants from large foundations received by rural-based versus urban-based organizations.

Asset Investments Financed by Foundation Grants

Foundations may contribute to rural wealth creation in many ways. For example, they raise endowment funds that can be invested in rural areas, often by awarding grants. The grants may contribute directly to the acquisition, improvement, or preservation of different types of assets, such as by constructing buildings or providing equipment (physical capital); providing educational and training opportunities (human capital); preserving agricultural or other land in land trusts (natural capital); and preserving art collections (intellectual/cultural capital). Foundation grants may also contribute less directly to wealth creation by supporting activities that increase incomes and/or improve the quality of life in rural communities, helping to attract businesses and possibly leading to further wealth creation. However, this study focuses on the direct use of foundation grants to acquire, improve, or preserve assets because the available data do not allow investigation of the more indirect effects.

FC data provide information about the “type of support” the foundation grants provide.¹⁸ Almost all the types of support classified by the FC can be considered investments in some type of capital, whether physical, financial, human, intellectual, cultural, or natural (see box “Types of Capital” for the kinds of investments within these categories). It is important to emphasize that the types of assets evident in these data are those acquired directly as a result of the grant, and not assets that may ultimately result because of the grant and associated activities. For example, 611 grants in the FC data for 2010 were for the purpose of “water resource, wetlands conservation and management.” The types of support provided through these grants included support for building renovation, capital campaigns, computers, conferences, curriculum development, and many others. Ultimately,

¹⁶ This estimate is based on the total value of grants by all foundations in 2010 (\$45.9 billion, according to Lawrence (2012)), multiplied by the share of large-foundation grants provided to domestic recipients in 2010 (79 percent, according to Foundation Center (2012)), multiplied by 6 to 7 percent. This assumes that the average domestic share of all foundation grants is the same as the domestic share of grants by large foundations.

¹⁷ In the USDA budget, this is referred to as the program level for Rural Development loan programs. The budget authority necessary to provide Rural Development grants and loans is substantially less than the program level – about \$3.1 billion in FY 2010 – since the vast majority of Rural Development loans are repaid.

¹⁸ The Foundation Center's classification system for “type of support” in its Grants Classification System has changed since the data for this analysis were acquired and analyzed. The current classification system is available at: <http://taxonomy.foundationcenter.org/support-strategies>. The prior Grants Classification System that is applied in this report is available at <http://taxonomy.foundationcenter.org/resources/archived-grants-classification-system>.

Box. Classification of Grants by Type of Capital Acquired¹

Physical capital - Buildings, renovation, equipment, and computer systems

Financial capital - Income development, annual campaigns, capital campaigns, endowment funds, debt reduction, emergency funds, seed money

Human capital - Management development and capacity building,² conferences and seminars, faculty and staff development, professorships, curriculum development, student aid, fellowships, internship funds, scholarship funds, technical assistance

Intellectual/cultural capital - Research, collections acquisition, collections management and preservation, new-works commissions, film/video/radio productions, publications, performance and productions, exhibitions, electronic media and online services, program evaluation

Natural capital - Land acquisition

¹ This classification of investments into types of capital is based on the definitions of the types of capital in the literature, summarized by Pender and Ratner (2014). Almost all of the types of support classified as investments in human capital involve expenditures linked to particular individuals (except curriculum development), although some of these expenditures may also support development of other types of capital, such as social or political capital (for example, conferences and technical assistance).

² Management development and capacity building includes grants for salaries, staff support, staff training, strategic and long-range planning, budgeting and accounting.

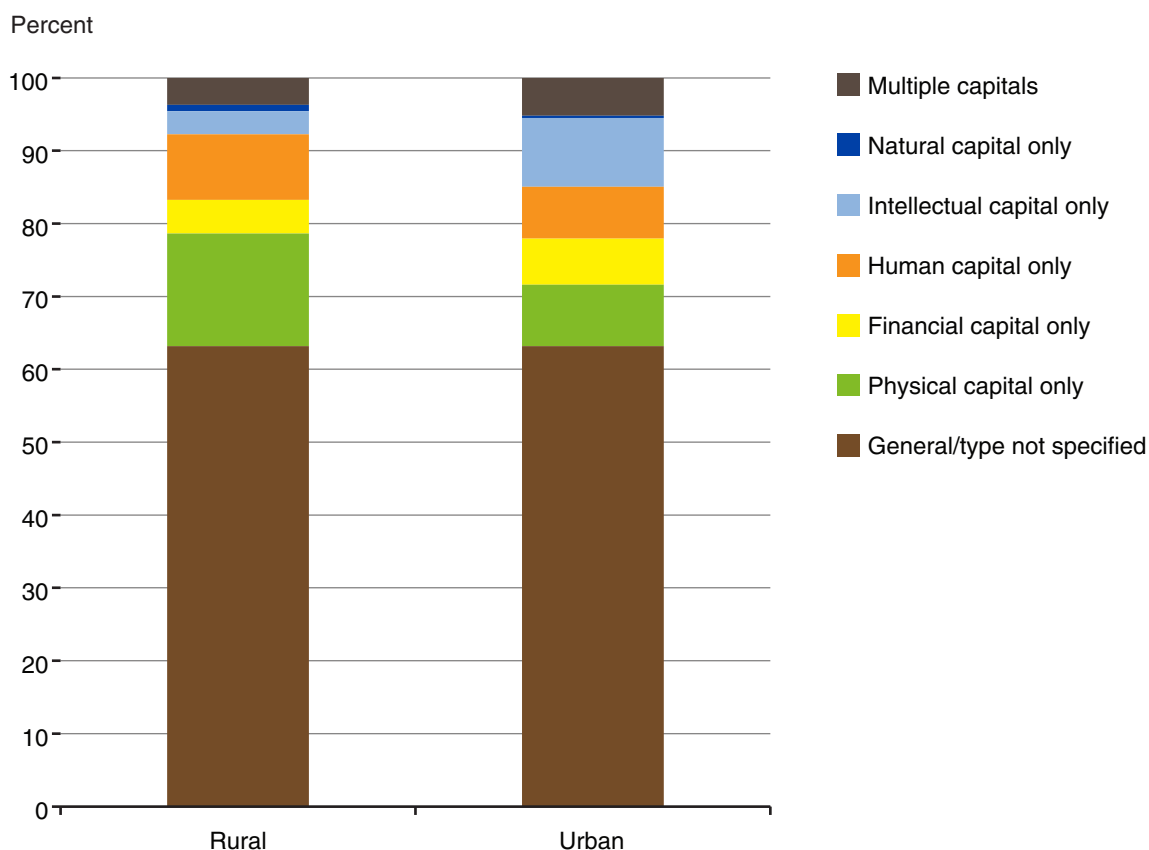
all the assets and activities directly supported may have resulted in increased quantity or quality of wetlands or other forms of natural capital, but the FC data do not provide evidence for this.

Most foundation grants support general activities that cannot be classified as investments in a particular type of capital, such as general and operating expenses or program development (though they likely also involve some investments) (fig. 5). Of grants that can be classified as supporting specific types of capital, those for investments in physical or human capital are more common to rural-based organizations, while grants for investments in financial or intellectual/cultural capital are more common to urban-based organizations. Grants for investments in multiple types of capital are also somewhat more common for urban-based organizations. Grants for investments in natural capital (land acquisition) are rare for both rural and urban-based organizations, though somewhat more common for urban organizations.

Grants by Type of Foundation

Independent foundations are the dominant source of foundation grants to both rural and urban-based recipients, though the share of grant value provided by these foundations declined somewhat (with substantial year-to-year variation, especially among grants to rural-based organizations) between 2005 and 2010 in both rural and urban areas (figs. 6a and 6b). The share of foundation grants provided by community foundations increased in both rural and urban areas during this period, while the share provided by corporate foundations stayed relatively stable. Operating foundations accounted for a very small share of grants in both rural and urban areas.

Figure 5

Share of real value of large-foundation grant dollars by type of support, 2005-2010

Source: USDA, Economic Research Service using Foundation Center data on U.S. domestic grants by large foundations.

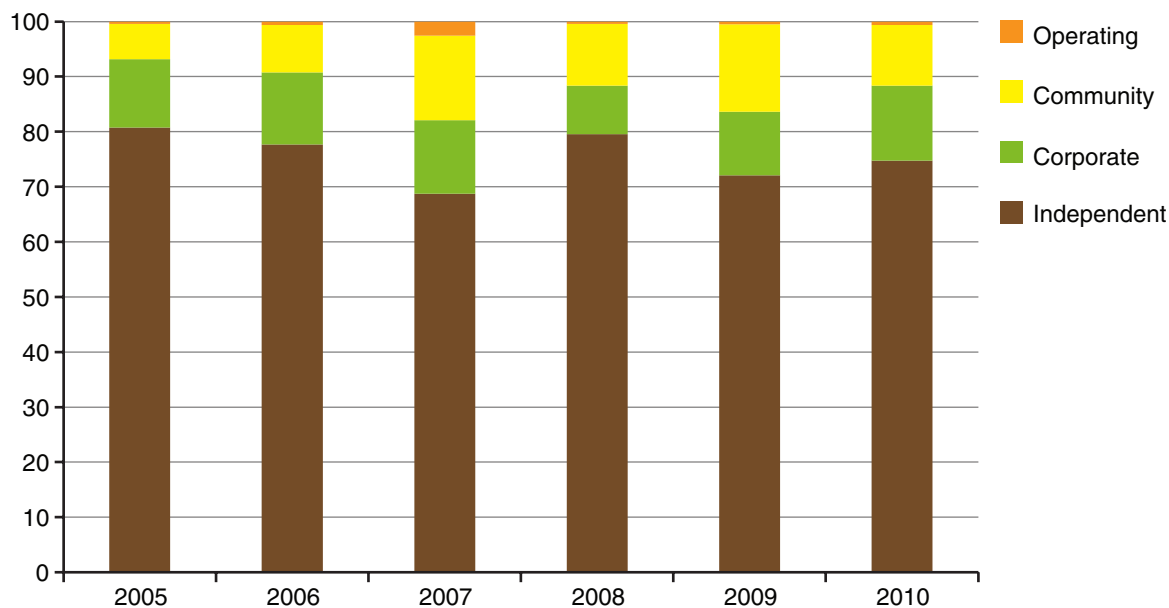
The top 10 foundations providing grants to domestic rural-based recipients from 2005 to 2010 (by real value of grants) are shown in table 4. All but one of these is an independent foundation. The exception—New Hampshire Charitable Foundation—is a community foundation. The total value of grants provided by these foundations over the 6-year study period ranged from \$173 million (in 2010 \$) by the T. Boone Pickens Foundation to \$53 million by the Bill and Melinda Gates Foundation. There was large variation in the share of the portfolio of these foundations' domestic grants that were provided to rural-based organizations. For 4 of these top 10 foundations (T. Boone Pickens, Herbert H. & Grace A. Dow, Peter R. & Cynthia K. Kellogg, and New Hampshire Charitable), grants to rural-based organizations accounted for most of their domestic portfolio. By contrast, less than 2 percent of the domestic grants of the Bill & Melinda Gates Foundation were made to rural-based organizations. The other 5 of the top 10 grantmakers to rural-based organizations (Lilly Endowment, Duke Endowment, Walton Family Foundation, Inc., Andrew W. Mellon Foundation, and W.K. Kellogg Foundation) provided between 5 and 10 percent of their grant funds to rural-based organizations.

The top 10 foundations providing grants for domestic rural development purposes (and not necessarily to rural-based organizations) between 2005 and 2010 are shown in table 5. All of these are independent foundations. Only one—the Northwest Area Foundation—provided more than 10 percent of its domestic grant funds for rural development purposes. At the other end of the scale is the Bill & Melinda Gates Foundation, which provided less than 0.5 percent of its domestic grant

Figure 6a

Share of value of large-foundation grants to rural-based organizations by type of foundation, 2005-2010

Percent

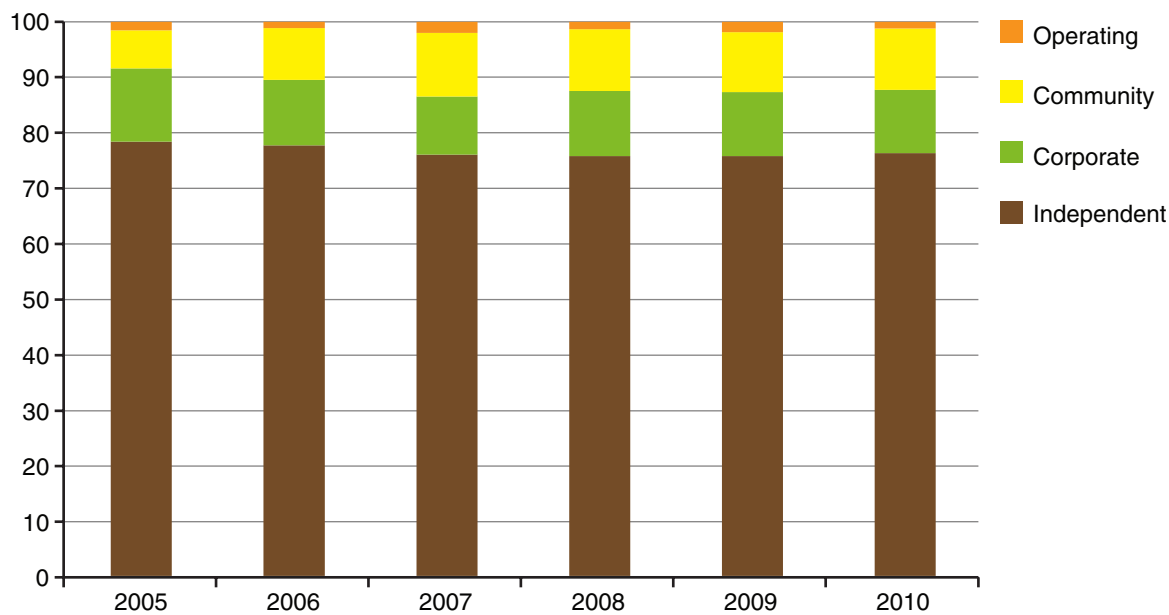


Source: USDA, Economic Research Service using Foundation Center data on U.S. domestic grants by large foundations.

Figure 6b

Share of value of large-foundation grants to urban-based organizations by type of foundation, 2005-2010

Percent



Source: USDA, Economic Research Service using Foundation Center data on U.S. domestic grants by large foundations.

Table 4

Top 10 foundations providing grants to domestic rural-based organizations from 2005 to 2010 (by real value of grants)

Rank	Foundation	State	Type of foundation	Real value of grants to rural recipients (\$2010)	Share of value of domestic grants by foundation
1.	T. Boone Pickens Foundation	TX	Independent	\$173 million	55.4%
2.	Lilly Endowment	IN	Independent	\$159 million	8.3%
3.	Duke Endowment	NC	Independent	\$87 million	10.4%
4.	Walton Family Foundation, Inc.	AR	Independent	\$83 million	9.5%
5.	Andrew W. Mellon Foundation	NY	Independent	\$82 million	6.7%
6.	Herbert H. & Grace A. Dow Foundation	MI	Independent	\$75 million	74.7%
7.	W.K. Kellogg Foundation	MI	Independent	\$65 million	5.3%
8.	Peter R. & Cynthia K. Kellogg Foundation	NY	Independent	\$59 million	60.4%
9.	New Hampshire Charitable Foundation	NH	Community	\$57 million	55.3%
10.	Bill & Melinda Gates Foundation	WA	Independent	\$53 million	1.7%

Source: USDA, Economic Research Service using Foundation Center data on U.S. domestic grants by large foundations.

funds for rural development. The other eight foundations on this list provided between 1 and 7 percent of their domestic grant funds for rural development.

Geographic Distribution of Foundation Grants

There was wide variation across both metro and nonmetro counties in the real value of grants per person received from large foundations from 2005 to 2010 (fig. 7). Regionally, the highest levels of grant funding per person were in the Northeast, North and South Carolina, upper Midwest, and West, while much of the Great Plains and South had smaller averages. During 2005 to 2010, 14 percent of counties had no organizations that received grants from large foundations (though these counties may have benefited from grants to organizations based in other locations); 18 percent of nonmetro counties and 6 percent of metro counties had no large-foundation grant recipients. The mean real value of grants received per person during 2005 to 2010 across all counties (including those without any organizations that received grants) was about \$124 per person (in 2010 dollars), averaging about \$88 per person in nonmetro counties and \$192 per person in metro counties.

Considerably higher levels of grants per person were provided to recipient organizations based in some metro areas, including Washington, DC, and New York City. High levels of grants per person were also found in some nonmetro counties, often due to the presence of a university or other nonprofit organization with a relatively large fundraising capability in comparison to the size of the

Table 5

Top 10 foundations providing grants for domestic rural development purposes from 2005 to 2010 (by real value of grants)

Rank	Foundation	State	Type of foundation	Real value of grants for domestic rural development (\$2010)	Share of value of domestic grants by foundation
1.	W.K. Kellogg Foundation	MI	Independent	\$90 million	7.2%
2.	Ford Foundation	NY	Independent	\$57 million	3.8%
3.	Northwest Area Foundation	MN	Independent	\$18 million	15.9%
4.	California Endowment	CA	Independent	\$14 million	1.7%
5.	Charles Stewart Mott Foundation	MI	Independent	\$13 million	2.7%
6.	Bill & Melinda Gates Foundation	WA	Independent	\$12 million	0.4%
7.	Gordon & Betty Moore Foundation	CA	Independent	\$11 million	1.2%
8.	Walton Family Foundation, Inc.	AR	Independent	\$11 million	1.2%
9.	Marguerite Casey Foundation	WA	Independent	\$9 million	5.3%
10.	Annie E. Casey Foundation	MD	Independent	\$9 million	1.4%

Source: USDA, Economic Research Service using Foundation Center data on U.S. domestic grants by large foundations.

local population. For example, the county with the second highest value of grants per person in 2010 was Wabash County, Indiana, due to a large grant from the Lilly Endowment to Manchester College to establish a pharmacy school.

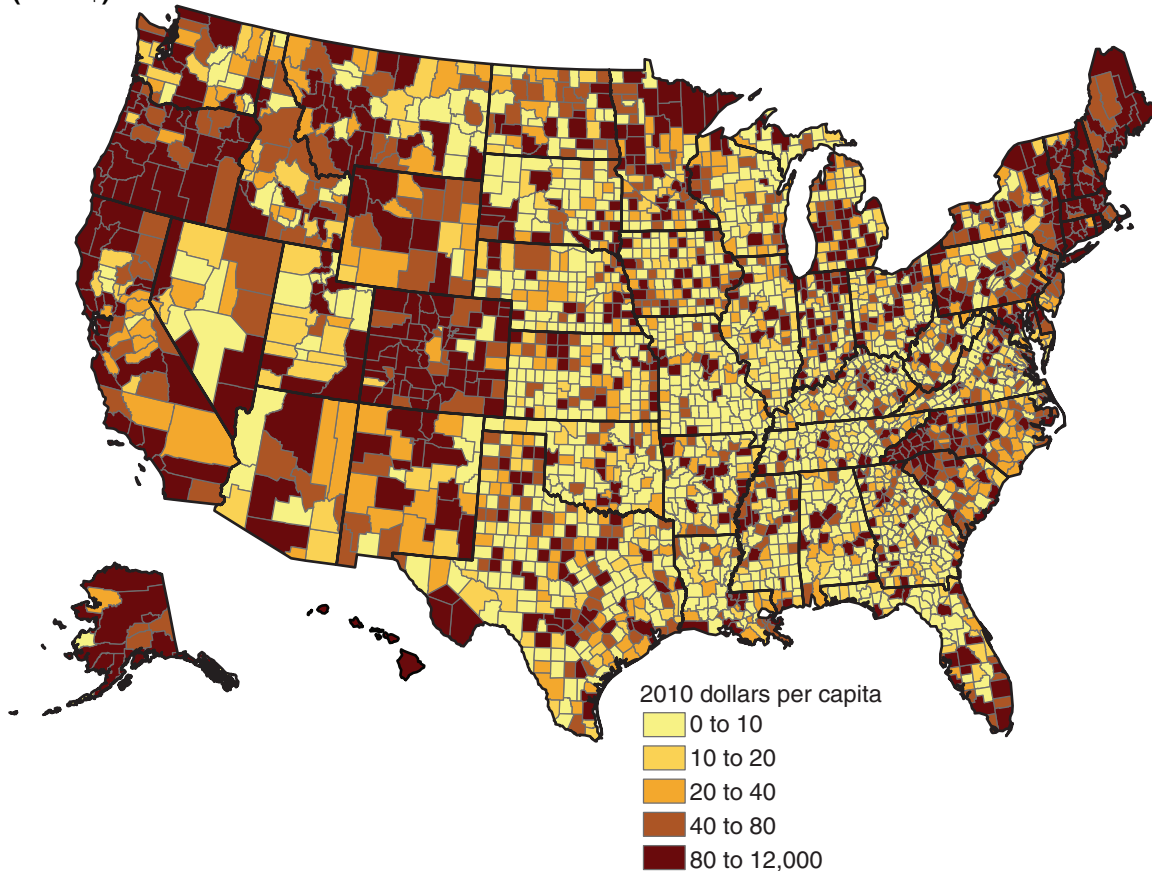
Perhaps due in part to greater fundraising capabilities associated with higher education, counties with a larger fraction of adults who are college-educated tend to receive more grants per person, as indicated by a positive correlation between these variables in both metro and nonmetro counties (table 6). However, the positive correlation between educational attainment and grants per person is evident even when grants to universities and “college counties” are excluded from the data.¹⁹ Hence, the positive relationship between college education and grants per person is not due solely to the effects of university grants or students on this relationship.

Another factor that appears to affect grants per person is the degree of urbanization of a county, as measured by population density. In both metro and nonmetro counties, there is a positive correlation between population density and grants per person (table 6). This may be because counties that are more urbanized have a greater number of organizations with fundraising capacities, because it is cheaper for foundations to reach a larger population in more densely populated areas, or because of other cost or capacity advantages in urban areas. However, the correlations between population

¹⁹ For the purposes of this analysis, “college counties” refers to counties in which 10 percent or more of the population of the county that was 18 years or older was enrolled in a college, university, graduate, or professional school during 2006 to 2010. There were 414 such counties during that period.

Figure 7

**Geographic distribution of real value of large-foundation grants per capita, 2005-2010
(2010 \$)**



Source: USDA, Economic Research Service using Foundation Center data on U.S. domestic grants by large foundations.

density and grants per person in both nonmetro and metro counties are small and statistically insignificant when grants to universities and college counties are excluded from the data. This relationship thus appears to be driven by the effects of colleges and universities in more densely populated counties.

The degree of need for financial assistance may also affect the geographic distribution of grants. In metro counties, there is a positive correlation between the value of grants per person and the poverty rate (whether grants to universities and college counties are included or excluded), suggesting a pro-poor emphasis in foundation grants to urban areas (table 6). In nonmetro counties, by contrast, there is no statistically significant relationship between grants per person and the poverty rate if all grants and counties are considered, and a negative correlation if university grants and college counties are excluded. These results suggest that grants to organizations other than universities in nonmetro counties are not heavily focused on addressing poverty, unlike the positive correlation between poverty and the value of grants to metro counties. These results were investigated further using multiple regression analysis to account for other factors that may be associated with grants per person; the results of this analysis are presented in Appendix 2 and discussed briefly below.

The ability of communities in different locations to obtain grants from foundations is likely related to the presence and capacity of nonprofit organizations in those communities. As an indicator of the capacity of nonprofit organizations, the study uses the value per person of assets held by public char-

Table 6

Correlations between the value of large-foundation grants per capita from 2005 to 2010 and selected variables in nonmetro and metro counties

Variable	Full set of grants		Excluding grants to universities, and excluding "college counties" ¹	
	Nonmetro counties	Metro counties	Nonmetro counties	Metro counties
Share of population 25 years and older with a college degree, 2006-10	0.325***	0.355***	0.350***	0.121***
Population density, 2010	0.455***	0.414***	0.008	0.057
Share of population in poverty, 2006-10	-0.012	0.137***	-0.114***	0.101***
Value of assets per capita held by public charities in January, 2010	0.692***	0.597***	0.348***	0.186***

*** indicates that the correlation is statistically significant (different from 0) at the 1-percent level.

¹For the purposes of this analysis, "college counties" refers to counties in which 10 percent or more of the population of the county that was 18 years or older was enrolled in a college, university, graduate, or professional school during 2006 to 2010.

Source: USDA, Economic Research Service using Foundation Center data on U.S. domestic grants by large foundations and data from the 2010 Population Census (for population density), the 2006-2010 American Community Survey (for educational attainment and poverty rate), and the National Center for Charitable Statistics (for beginning value of assets per capita held by public charities).

ities. This variable is positively and statistically significantly correlated with the value of grants per person received in both metro and nonmetro counties, and regardless of whether grants to universities and college counties are included or excluded from the analysis. Thus, the capacity of public charities is robustly associated with receipt of large-foundation grants.

These correlations do not prove causal relationships among the factors considered. Other factors besides the ones correlated with grants per person could be responsible for these associations, and causal relationships could run in either direction (with factors such as educational attainment or assets of public charities either causing or being caused by foundation grants). A multiple regression analysis, which statistically accounts for associations of foundation grant funding with other factors, found that the positive relationship between grants per person and higher education was robust in both metro and nonmetro counties, whether or not grants to universities and college counties were included in the analysis, and after controlling for the association of grants per capita with several other demographic, socioeconomic, and geographic factors (see Appendix 2 for the regression results).

The positive relationship between grants per person and public charity assets per capita was also robust in three of the four regressions.²⁰ By contrast, the positive associations between population density and grants per capita shown in table 6 were confirmed only in the regression for metro counties that included university grants and college counties. The association was statistically insignificant in the other three regressions. None of the regressions found a statistically significant relationship between the share of the population in poverty and grants per capita. These results suggest that the correlations in table 6 are due to correlations of grants per capita with other factors that are also correlated with poverty.

²⁰ The coefficient of public charity assets per capita in the regression for metro counties, excluding college counties and university grants, was positive but not statistically significant at conventional significance levels.

Conclusions

This report has provided results concerning the magnitude, distribution, and uses of foundation grants to rural areas. The analysis found that the share of domestic grants benefiting rural areas during 2005 to 2010 was likely in the range of 6 to 7 percent. Given that 19 percent of the U.S. population lived in rural areas in 2010, this suggests an urban focus in foundation grants. This is further supported by the average real value of grants from large foundations to organizations based in nonmetro counties from 2005 to 2010, about \$88 per capita (in 2010 dollars), less than half the average provided to organizations in metro counties.

Differences across counties in the capacity of local organizations to raise and manage grant funds account for some of the geographic variations in grant funding. Counties with organizations that have high fundraising capacity, such as universities, appear to receive more foundation funds per capita. This hypothesis is supported by a positive correlation between the college-educated share of a county's adult population and the value of grants received per capita, found for both nonmetro and metro counties. Another indicator of capacity to raise grant funds is the value of assets of nonprofit organizations located in the county, which is also positively correlated with the value of foundation grants in both metro and nonmetro counties. These relationships are robust in multiple regression analyses that accounted for other socioeconomic and demographic factors that also may affect the geographic distribution of foundation grants. Other factors, such as population density and poverty, had less robust associations with grant distribution.

These findings suggest that efforts to improve education, attract or retain well-educated people, and develop the capacity of nonprofit organizations in rural areas can help to increase the flow of foundation grants to rural organizations. Since foundation funds (and other sources of funds) are often important to develop these capacities, this illustrates circularity in the process of community development—funds are needed to develop local capacity, which is needed to raise funds. This type of circularity may be at the root of problems of persistent poverty in some rural areas (i.e., poor communities with insufficient initial capacity find it difficult to attract resources and thus may be unable to develop their capacity and therefore remain poor). Further research on such capacity-based poverty traps, and strategies for avoiding or overcoming them, could prove fruitful.

Other patterns and trends in foundation giving to rural versus urban areas were also revealed by the study. The broad range of purposes of grants to rural-based organizations is generally similar to the purposes of grants to urban-based organizations, although some purposes are relatively more common for grants to rural organizations, such as those related to higher education, environment, and recreation and leisure. Foundation grants to rural-based organizations were more likely to directly support investments in physical and human capital and less likely to support investments in financial or intellectual capital than grants to urban organizations. Private independent foundations are the dominant source of foundation grants for both rural and urban-based organizations, although the share of grant funds provided by community foundations to both rural- and urban-based organizations increased between 2005 and 2010.

These trends and patterns indicate that foundations are an important source of support for a broad range of purposes in both rural and urban areas. To the extent that some rural areas are underserved, the results presented here suggest that investments in the capacity of local organizations to raise funds, including development of community foundations, may help to address some of the need. The results also suggest that public funds may be needed to help overcome capacity-based poverty traps,

especially in rural areas where foundations appear not to have a strong antipoverty focus, though further research is needed concerning this hypothesis.

Future Research Needs

Distinguishing grant allocations to different classes of beneficiaries, such as rural versus urban populations, is an inherently difficult task. Many grants are meant to serve a broader population, and the benefits cannot easily be tied to particular geographic categories. A contribution of the study has been to demonstrate that augmenting data from the Foundation Center—the study’s basic source—with publicly available information from other sources enables reasonable determinations of the primary beneficiaries of the grants. Further research along these lines, using larger random samples of grants and samples from different periods, could provide more information about the distribution of foundation grants to rural areas by type of foundation, purpose of the grant, the type of beneficiaries, and other dimensions.

Beyond deepening knowledge about the distribution of foundation grants and the factors associated with it, future research could investigate how foundation grants interact with other sources of funding to support investments in rural areas. For example, what types of foundation grants are complementary to public-sector (Federal, State, regional, and local) investments, and in what ways? Are foundation investments most useful if they “blaze a trail” into a new area of intervention, identifying valuable investments in public goods that can then be scaled up by public-sector investments? Do foundation investments promote development of the capacity of nonprofit-sector organizations, increasing the effectiveness of public programs that also rely on the capacity of these organizations? Or, to the contrary, do foundation and public-sector investments displace or substitute for each other?

Research into the impacts of foundation grants in rural areas could also be valuable. In general, despite advocacy for “venture philanthropy” to achieve positive economic, social, and environmental impacts since Porter and Kramer’s (1999) seminal argument, there is little solid empirical evidence in the literature on the impacts of foundation investments or other nonprofit-sector activities (Dorius, 2011; Hendricks, Plantz, and Pritchard, 2008). The need for such research applies to grants for general or urban as well as rural benefits, but it may be particularly important for rural-focused grants, given that questions are often raised about the effectiveness and net benefits of investments concentrated on rural areas (e.g., Glaeser and Gottlieb, 2008). Such research might usefully build upon the wealth-creation frameworks developed by ERS researchers (Pender, Marré, and Reeder, 2012) and by rural-development practitioners with support of the Ford Foundation (Ratner and Allen, 2013).

As demonstrated in this report, foundation grants generally directly support investments in one or multiple forms of capital, such as physical, financial, human, or intellectual. The broader, longer term impacts of foundation grants in rural areas will depend upon whether and how these initial investments stimulate subsequent improvements in various forms of capital, such as in the financial state and health of households (financial and human capital) or in community capacity to plan, raise resources for, and implement community development activities (human and social capital). Research into the interactions and dynamics of such wealth impacts in rural areas—not only of foundation investments but also of public investments—could be very useful.

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Appendix 1. Classification of beneficiaries of 200 randomly selected large-foundation grants in 2010

Appendix 1

Classification of beneficiaries of 200 randomly selected large-foundation grants in 2010

Grant recipient	City	State	Amount (\$)	Notes on grant recipient, purpose, and beneficiaries	Beneficiary classification
Kauffman Laboratories for Enterprise Creation	Kansas City	MO	1,300,000	Supporting educational initiatives; likely focused on Kansas City metro area (main focus of Kauffman's educational initiatives)	Primarily urban
United Way for the Greater New Orleans Area	New Orleans	LA	48,443	Campaign to support social service agencies in greater New Orleans	Primarily urban
Project SHARE of Carlisle	Carlisle	PA	60,000	Organization provides food assistance to several communities in Cumberland County, PA (metro county)	Primarily urban
Aurora Community Connection	Aurora	CO	40,000	Family service organization serving Aurora, CO (metro county)	Primarily urban
Institute of Contemporary Art	Boston	MA	30,000	Grant for unspecified purpose to art museum in Boston	Primarily urban
YMCA of Greater Providence	Providence	RI	25,000	YMCA in Providence, RI	Primarily urban
Crittenton, Inc.	Boston	MA	10,000	Women's center in Boston providing mentoring, family, housing, and food services	Primarily urban
Rocking the Boat	Bronx	NY	15,000	Grant to boat building program serving youth in the South Bronx	Primarily urban
Cabrini Connections	Chicago	IL	10,000	Tutoring program in Chicago, IL	Primarily urban
Ceiba	Philadelphia	PA	10,000	Organization promotes economic development of Philadelphia's Latino community	Primarily urban
Roundabout Theater Company	New York	NY	10,000	Theater company in NYC	Primarily urban
Chamber of Commerce of Greater Albuquerque	Albuquerque	NM	20,000	Chamber of Commerce of Greater Albuquerque, NM	Primarily urban
San Diego Second Chance Program	San Diego	CA	10,000	Employment training program for juvenile offenders in San Diego, CA	Primarily urban
Support Center for Child Advocates	Philadelphia	PA	75,000	Organization helps abused and neglected children in Philadelphia	Primarily urban
Humane Society Silicon Valley	Milpitas	CA	25,000	Organization focuses on animal protection in Silicon Valley, CA	Primarily urban
Church Health Center of Memphis	Memphis	TN	25,000	Health center in Memphis, TN	Primarily urban
Sacramento Asian Pacific Chamber of Commerce	Sacramento	CA	10,000	Organization focuses on business development in Sacramento, CA	Primarily urban

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Classification of beneficiaries of 200 randomly selected large-foundation grants in 2010—continued

Grant recipient	City	State	Amount (\$)	Notes on grant recipient, purpose, and beneficiaries	Beneficiary classification
United Way of St. Johns County	Saint Augustine	FL	126,400	Campaign to support social service agencies in St. Johns County, FL (metro county)	Primarily urban
Belair-Edison Neighborhoods	Baltimore	MD	12,500	Organization promotes community development in particular neighborhoods in Baltimore, MD	Primarily urban
UCLA Foundation	Los Angeles	CA	10,000	Grant for UCLA Center for Performing Arts	Primarily urban
A Child's Place	Charlotte	NC	10,000	Program assisting homeless children in Charlotte, NC	Primarily urban
Lyric Opera of Chicago	Chicago	IL	25,000	Opera house in Chicago	Primarily urban
YWCA of Kitsap County	Bremerton	WA	25,000	YWCA in Bremerton city, Kitsap County, WA (urban setting, metro county)	Primarily urban
First Tee of Benton Harbor	Benton Harbor	MI	10,000	Youth recreational services and golf education in Benton Harbor, MI (metro area)	Primarily urban
Minority Development and Empowerment	Oakland Park	FL	10,000	Program providing services and advocacy for Caribbean immigrant population in Broward and Palm Beach Counties, FL (metro counties)	Primarily urban
Acterra: Action for a Sustainable Earth	Palo Alto	CA	15,000	Environmental organization working on energy efficiency, local restoration, business environment and other environmental activities in Silicon Valley	Primarily urban
Jamaica Center for Arts and Learning	Jamaica	NY	30,000	Performing arts center in Queens, NY	Primarily urban
Carolina Foothills Garden Club	Greenville	SC	10,000	Garden club serving mainly Greenville, SC (metro county) residents	Primarily urban
East Smithfield Public Library	Smithfield	RI	15,630	Library in Providence County, RI (metro county)	Primarily urban
Fighting Back Partnership	Vallejo	CA	15,000	Crime prevention program in Vallejo, CA (metro area)	Primarily urban
Make-A-Wish Foundation of Metro Saint Louis	Saint Louis	MO	13,800	Program serving metro St. Louis	Primarily urban
DC Children's Trust Fund	Washington	DC	50,000	Organization focuses on prevention of child abuse and neglect in Washington DC	Primarily urban
Ravenswood Education Foundation	Menlo Park	CA	20,000	Organization supports Ravenswood City School District in Menlo Park, CA (metro area)	Primarily urban
Center for Refugees and Immigrants of Tennessee	Nashville	TN	10,000	Organization serves immigrants in Nashville, TN	Primarily urban
Highland Park Presbyterian Day School	Dallas	TX	25,000	Private Christian pre-school/early elementary school in Dallas, TX	Primarily urban
Good Samaritan Family Resource Center	San Francisco	CA	40,000	English literacy program in San Francisco, CA	Primarily urban

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Classification of beneficiaries of 200 randomly selected large-foundation grants in 2010—continued

Grant recipient	City	State	Amount (\$)	Notes on grant recipient, purpose, and beneficiaries	Beneficiary classification
United Way of Metropolitan Nashville	Nashville	TN	10,000	Funding campaign for social service agencies in metropolitan Nashville, TN	Primarily urban
Keep Indianapolis Beautiful	Indianapolis	IN	22,480	Focus on beautification projects in Indianapolis	Primarily urban
Milwaukee Center for Independence	Milwaukee	WI	18,000	Organization provides child, family, and senior services in Milwaukee, WI	Primarily urban
Poudre School District	Fort Collins	CO	12,000	Grant for Wellington Middle School, Wellington (small town) in Larimer County, CO (metro county)	Primarily urban
Alexandria Seaport Foundation	Alexandria	VA	25,000	Organization helps at-risk and disadvantaged youth through boat building programs in Alexandria, VA (metro area)	Primarily urban
Jewish Community Center in Manhattan	New York	NY	25,000	Jewish community center in Manhattan, NY	Primarily urban
Mutual Housing Association of South Central Connecticut	New Haven	CT	15,000	Focus on improving low-income housing availability in New Haven, New London, Hartford, and Fairfield Counties, CT (all metro counties)	Primarily urban
Leukemia & Lymphoma Society	Allentown	PA	25,000	Grant to Leukemia and Lymphoma Society chapter in Allentown, PA, serving the Lehigh Valley region of PA (part of a metro region)	Primarily urban
Center for Youth Citizenship	Sacramento	CA	10,000	Youth citizenship development program in Sacramento, CA (metro area)	Primarily urban
Renown Health Foundation	Reno	NV	125,000	Grant to a health system serving Reno, NV (metro area)	Primarily urban
Jesuit Academy	Omaha	NE	10,000	Grant to a Jesuit non-boarding middle school in Omaha, NE. From website, students from this school go on to high schools in the Omaha area, so this school appears to serve primarily students from Omaha.	Primarily urban
Friends of Evergreen	Portland	ME	20,000	Grant to support Evergreen Cemetery in Portland, ME	Primarily urban
Studio Theater	Washington	DC	35,000	Theater in Washington, DC	Primarily urban
Jennings Center for Older Adults	Garfield Heights	OH	10,000	Elderly care center in Cleveland, OH	Primarily urban
Valentine Museum Richmond History Center	Richmond	VA	10,000	History museum in Richmond, VA	Primarily urban
Rising Tide Capital	Jersey City	NJ	20,000	Organization focuses on entrepreneurship development of disadvantaged people; apparently only in Jersey City	Primarily urban
Racine Art Museum Association	Racine	WI	25,000	Art museum in Racine, WI (metro area)	Primarily urban

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Classification of beneficiaries of 200 randomly selected large-foundation grants in 2010—continued

Grant recipient	City	State	Amount (\$)	Notes on grant recipient, purpose, and beneficiaries	Beneficiary classification
Small Business Development Center of Hampton Roads	Norfolk	VA	23,000	Small business development center in Norfolk, VA (metro area)	Primarily urban
Dorcas Place Adult and Family Learning Center	Providence	RI	23,000	Adult literacy program in Providence, RI	Primarily urban
Fine Arts Museums of San Francisco	San Francisco	CA	66,000	Grant to educational program at a museum in San Francisco, CA	Primarily urban
Meridian School	Orem	UT	12,000	Private K-12 school in Orem, Utah (metro area)	Primarily urban
Fireside Project	Fairview	TX	25,000	Small historical society in Fairview, TX (in Collin County, a metro county)	Primarily urban
Portsmouth Music and Arts Center	Portsmouth	NH	10,000	Grant for arts education to a music/arts center in Portsmouth, NH	Primarily urban
Wishard Memorial Foundation	Indianapolis	IN	124,340	Grant to health care system serving Indianapolis area	Primarily urban
Christian Brothers Academy	Lincroft	NJ	25,000	Grant for building fund for Catholic prep school in Lincroft, NJ. From website it appears that students come to the school from nearby communities in NJ (all metro counties in NJ).	Primarily urban
African Economic Development Solutions	Saint Paul	MN	10,000	Grant to support wealth creation among Ethiopian immigrant communities in the Twin Cities and surrounding metro areas	Primarily urban
Dallas Jewish Coalition	Dallas	TX	21,215	Organization addresses homelessness in Dallas, TX	Primarily urban
Writers Theater	Glencoe	IL	30,000	Theater in Chicago metro area	Primarily urban
Nationwide Childrens Hospital Foundation	Columbus	OH	20,000	Grant for unspecified purpose to an urban hospital	Primarily urban
Educare Arizona	Phoenix	AZ	384,333	Grant for preschool and elementary school public-private partnership program in Phoenix, AZ	Primarily urban
New York Botanical Garden	Bronx	NY	24,000	General support grant to botanical garden in the Bronx, NY	Primarily urban
Non-Profit Housing Association of Northern California	San Francisco	CA	75,000	Focus on affordable housing in San Francisco Bay Area, CA	Primarily urban
Jewish Family and Childrens Service of Sarasota-Manatee	Sarasota	FL	150,000	Jewish family and children's services in Sarasota and Manatee Counties, FL (both metro counties)	Primarily urban
New York-Presbyterian Hospital	New York	NY	30,000	Grant to benefit pulmonary and thoracic services at a hospital in New York City	Primarily urban
Recovery School District	New Orleans	LA	504,719	Recovery School District serves New Orleans, Baton Rouge, and Caddo Parish (all metro areas)	Primarily urban
Planned Parenthood of Metropolitan New Jersey	Newark	NJ	10,000	Grant to renovate a health center in Montclair, NJ (Montclair is a suburb of Newark)	Primarily urban

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Classification of beneficiaries of 200 randomly selected large-foundation grants in 2010—continued

Grant recipient	City	State	Amount (\$)	Notes on grant recipient, purpose, and beneficiaries	Beneficiary classification
Paint Creek Center for the Arts	Rochester	MI	40,000	General support grant to art center in Rochester, MI (part of metro Detroit)	Primarily urban
Greater Philadelphia Chamber of Commerce Regional Foundation	Philadelphia	PA	380,000	Grant to develop the regional economy in the 11 counties of the Greater Philadelphia region (all metro counties)	Primarily urban
Washington Hospital Healthcare Foundation	Fremont	CA	100,000	Grant to a health care system that serves Alameda County, CA (metro area)	Primarily urban
Salvation Army of Dallas	Dallas	TX	10,000	Grant for a homeless youth program in Dallas, TX	Primarily urban
Jewish Community Center of Houston	Houston	TX	10,000	Grant to Jewish Community Center in Houston, TX	Primarily urban
Virginia Opera	Norfolk	VA	20,000	Opera in Norfolk, VA (metro area)	Primarily urban
East Bay Community Law Center	Berkeley	CA	30,000	Legal services to disadvantaged people in east San Francisco Bay region, CA (metro area)	Primarily urban
Renaissance Society at the University of Chicago	Chicago	IL	25,000	Art museum at University of Chicago	Primarily urban
Rady Children's Hospital and Health Center	San Diego	CA	10,500	Grant for Center for Healthier Communities (focused on San Diego region at a hospital in San Diego, CA)	Primarily urban
Neighborhood Family Services Coalition	New York	NY	35,000	Support to family service provider organizations in New York City	Primarily urban
The Academy	Pocatello	ID	100,000	Public charter school in Pocatello, ID (metro area)	Primarily urban
Lawyers Alliance for New York	New York	NY	28,500	Organization providing legal services to non-profits that are improving quality of life in New York City	Primarily urban
Green Dot America	Los Angeles	CA	500,000	Project related to education reform in Los Angeles, Denver, and New York City	Primarily urban
Episcopal High School	Bellaire	TX	2	Capital campaign for a private religious prep school in Bellaire, TX (a suburb of Houston, and part of a metro county)	Primarily urban
Walkers Point Youth and Family Center	Milwaukee	WI	20,000	Program for troubled youth in Milwaukee, WI	Primarily urban
Lighthouse for the Blind and Visually Impaired	San Francisco	CA	20,000	Services for blind youth in San Francisco, CA	Primarily urban
Court Appointed Special Advocates of Douglas County	Omaha	NE	10,000	Program to protect abused and neglected children in Douglas County, NE (metro county)	Primarily urban
Junior Achievement of Florida's First Coast	Jacksonville	FL	25,000	Girls educational program in Jacksonville, FL (metro area)	Primarily urban
Christian Outreach Appeal	Long Beach	CA	40,000	Organization focused on feeding the hungry in Long Beach, CA (metro area)	Primarily urban

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Classification of beneficiaries of 200 randomly selected large-foundation grants in 2010—continued

Grant recipient	City	State	Amount (\$)	Notes on grant recipient, purpose, and beneficiaries	Beneficiary classification
Economic Growth Foundation	Cleveland	OH	150,000	Grant for development of sustainable financial plan for Cleveland Metropolitan School District	Primarily urban
Opera Theater of Saint Louis	Saint Louis	MO	85,000	Grant to opera theater in St. Louis	Primarily urban
Asian Human Services	Chicago	IL	15,000	Program provides services to Chicago's low income Asians	Primarily urban
Tempe Union High School District	Tempe	AZ	74,922	School district of Tempe, AZ (metro area)	Primarily urban
On Our Own and Associates	Saint Paul	MN	15,000	Home for mentally disabled in St. Paul, MN	Primarily urban
Schuylkill River Development Council	Philadelphia	PA	54,000	Grant to perform a feasibility study for a river trail in Philadelphia	Primarily urban
San Francisco Bicycle Coalition Education Fund	San Francisco	CA	20,000	Organization of bicyclists in San Francisco, CA	Primarily urban
City Lights Theater Company of San Jose	San Jose	CA	10,000	Theater company youth and education program in San Jose, CA	Primarily urban
Phoenix Symphony Association	Phoenix	AZ	100,000	Phoenix Symphony	Primarily urban
Tumbleweed Center for Youth Development	Phoenix	AZ	45,000	Organization assists homeless and troubled youth in Maricopa County, AZ (metro county)	Primarily urban
University Medical Center Foundation	Tucson	AZ	10,000	Grant for a program for infant care in Tucson, AZ	Primarily urban
26 Miles for 26 Charities	Austin	TX	12,500	Marathon to raise money for Austin area nonprofits	Primarily urban
District of Columbia Employment Justice Center	Washington	DC	35,000	Employment center focusing on Washington, DC	Primarily urban
Chronicle Season of Sharing Fund	San Francisco	CA	110,000	Holiday giving program for needy people in the San Francisco Bay Area	Primarily urban
Houston Zoo	Houston	TX	200,000	Grant to construct a new exhibit at Houston Zoo	Primarily urban
Education Alliance of Washoe County	Reno	NV	82,000	Educational alliance in Washoe County, NV (metro county)	Primarily urban
Harlem Children's Zone	New York	NY	234,000	Technical assistance to seven focal cities receiving planning grants through Federal Promise Neighborhoods Initiative	Primarily urban
Headwaters Park Alliance	Fort Wayne	IN	10,000	Grant to sponsor ice skating season at a city park in Fort Wayne, IN (metro area)	Primarily urban
First Christian Church	Longview	TX	12,500	Church in Longview, TX (metro area)	Primarily urban
ARCA	Albuquerque	NM	40,000	Grant for development of a Career Enhancement Services Program for developmentally disabled people in Albuquerque, NM	Primarily urban

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Classification of beneficiaries of 200 randomly selected large-foundation grants in 2010—continued

Grant recipient	City	State	Amount (\$)	Notes on grant recipient, purpose, and beneficiaries	Beneficiary classification
Mathiesen Memorial Health Clinic	Jamestown	CA	35,000	Health clinic in Jamestown, CA in Tuolumne County, CA (nonmetro county)	Primarily rural
Sandy Cay	Bryan	OH	10,000	Grant to program for autistic children in Williams County, OH (nonmetro county) and other nearby counties	Primarily rural
Christian Appalachian Project	Lancaster	KY	12,000	Program for disadvantaged areas in Appalachia	Primarily rural
Town of Rindge	Rindge	NH	10,000	Grant to a rural town (98% rural) in Cheshire County, NH (nonmetro county)	Primarily rural
Seton Fund of the Daughters of Charity of Saint Vincent de Paul	Austin	TX	68,875	Grant for Pediatric Rural Mobile Health Program for Central TX	Primarily rural
A Safe Place	Nantucket	MA	25,000	Serves victims of domestic violence in Nantucket, MA (nonmetro county)	Primarily rural
Croy Canyon Ranch Foundation	Hailey	ID	15,000	Raising funds for a retirement community in Hailey, ID (Blaine County is nonmetro)	Primarily rural
Mohawk Trail Regional School District	Shelburne Falls	MA	10,000	School district in Shelburne town (100% rural) and Franklin County (nonmetro county), MA	Primarily rural
Lovell Volunteer Fire Department	Lovell	ME	50,000	Volunteer fire department in Lovell, ME (100% rural) (Oxford County is nonmetro)	Primarily rural
Nature Conservancy	Anchorage	AK	209,519	Grant to conduct a risk assessment about the proposed Pebble Mine development in Bristol Bay, Alaska (100% rural)	Primarily rural
Family Garden	Brattleboro	VT	17,800	Child care center in a small town in Windham County, VT (nonmetro county)	Primarily rural
Youthville, Inc.	Wichita	KS	10,350	Foster care center for children in Kansas	More general
Focus on the Family	Colorado Springs	CO	15,000	Global Christian ministry providing educational resources and advocacy	More general
Colorado Environmental Coalition	Denver	CO	80,000	Grant for continued support of constituency building to expand public support for conservation protections in northwest Colorado	More general
Thunderbird Lodge Preservation Society	Incline Village	NV	25,000	Historical preservation society in Incline Village, NV	More general
University of California	Davis	CA	350,000	Grant for architectural research to University of California, Davis	More general
Campus Crusade for Christ International	Orlando	FL	10,000	Grant for building renovation at headquarters of a national Christian organization	More general

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Classification of beneficiaries of 200 randomly selected large-foundation grants in 2010—continued

Grant recipient	City	State	Amount (\$)	Notes on grant recipient, purpose, and beneficiaries	Beneficiary classification
South Carolina Coalition Against Domestic Violence and Sexual Assault	Columbia	SC	15,000	Statewide coalition in South Carolina working against domestic violence and sexual assault	More general
Thomas Jefferson Foundation	Charlottesville	VA	15,000	Foundation managing Thomas Jefferson's home in Charlottesville, VA	More general
University of California	Santa Barbara	CA	100,000	Grant to UC Santa Barbara for research on the high school dropout problem in California	More general
Mizna	Minneapolis	MN	30,000	Grant to organization promoting Arab-American culture through literature and art	More general
Georgia Public Policy Foundation	Atlanta	GA	25,000	Public policy research institute focused on Georgia	More general
University of California	Berkeley	CA	13,000	Unspecified purpose grant for University of California, Berkeley	More general
Sisters of Charity of Saint Elizabeth	Convent Station	NJ	10,000	Grant for general support to Sisters of Charity of Saint Elizabeth, which has ministries in 19 dioceses in the U.S.	More general
Texas Agricultural Land Trust	San Antonio	TX	200,000	Grant to a land trust for outreach and development program	More general
Polk County Social Services	Crookston	MN	16,000	Grant for human services to Polk County, MN (48% rural population, metro county in 2013)	More general
Institute for Health Policy Solutions	Washington	DC	14,693	Grant to health policy research institute in Washington, DC, to assess feasibility of approach to reduce state costs of Healthy Families	More general
Challenged Athletes Foundation	San Diego	CA	13,000	Grant to program that provides grants to disabled athletes	More general
John Brown University	Siloam Springs	AR	887,376	Challenge grant to a private Christian college (purpose not clear)	More general
City College Fund	New York	NY	20,000	Grant to scholarship fund	More general
Alexander Hamilton Institute	Clinton	NY	14,160	Grant to an institute at Hamilton College for the Study of Western Civilization	More general
Coalition for Clean Air	Los Angeles	CA	180,000	Clean air advocacy organization for California	More general
Asociacion para la Educacion Teologica Hispana	Austin	TX	600,000	Grant to organization promoting dialogue and collaboration among Hispanic theological educators	More general
University of Denver	Denver	CO	125,000	Grant for university library renovation	More general
Partnership for a Drug-Free America	New York	NY	25,000	Grant to a media/educational effort to prevent drug use	More general
Loyola Marymount University	Los Angeles	CA	10,000	University grant for Dept. of Education, Loyola Marymount University	More general

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Classification of beneficiaries of 200 randomly selected large-foundation grants in 2010—continued

Grant recipient	City	State	Amount (\$)	Notes on grant recipient, purpose, and beneficiaries	Beneficiary classification
Lifetime Arts	Pelham	NY	34,000	Grant for developing a free online toolkit for public libraries with information for planning and implementing creative aging programs in public libraries	More general
Tower Foundation of San Jose State University	San Jose	CA	20,000	University grant for unspecified purpose	More general
National Resource Center for the Healing of Racism	Battle Creek	MI	50,000	Grant focus on healing racism in Michigan	More general
Junior Achievement of the Palm Beaches	West Palm Beach	FL	30,000	Grant to an organization that provides educational services in Palm Beach (metro county), Martin (metro) , St. Lucie (metro), Indian River (metro), and Hendry (nonmetro) counties	More general
Legal Aid Services of Oklahoma	Oklahoma City	OK	15,000	Legal services to disadvantaged people in Oklahoma	More general
Learning for Life	Irving	TX	25,000	Character development curricula for youth	More general
Gill Operating Foundation	Denver	CO	250,000	Grant to operating foundation advocating equal rights for LGBT people	More general
Dutchess County Society for the Prevention of Cruelty to Animals	Hyde Park	NY	3,5000	General support grant to Dutchess County (25% rural, metro county in 2013), NY, Society for Prevention of Cruelty to Animals	More general
United Way of Danville-Pittsylvania County	Danville	VA	12,146	Danville, VA, is 4% rural; Pittsylvania County, VA, is 86% rural (nonmetro) county	More general
American Independent News Network	Washington	DC	75,000	Grant for investigative reporting on Federal agencies and congressional delegations in five States	More general
IFP/Minnesota	Saint Paul	MN	15,000	Network of filmmakers in Minnesota, Upper Midwest, and nationwide	More general
Utah State Office of Education	Salt Lake City	UT	50,000	Grant to Utah State Office of Education for teachers and technology	More general
University of Chicago	Chicago	IL	334,956	Research on how location affects health	More general
Ocean Conservancy	Washington	DC	858,000	Focus on managing oceans in the United States	More general
Oregon Public Broadcasting	Portland	OR	15,000	Grant to support Oregon Public Broadcasting	More general
Hispanic College Fund	Washington	DC	153,794	Grant for scholarship program	More general
Active Voice	San Francisco	CA	15,000	Grant to filmmaking organization that focuses on social change	More general
Home Health and Hospice Care	Nashua	NH	20,000	Visiting nurses association serving southern New Hampshire (urban and rural)	More general

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Classification of beneficiaries of 200 randomly selected large-foundation grants in 2010—continued

Grant recipient	City	State	Amount (\$)	Notes on grant recipient, purpose, and beneficiaries	Beneficiary classification
University of California	Berkeley	CA	10,000	General support grant to university Art Museum and Film Archive	More general
Princeton University	Princeton	NJ	30,1000	Unrestricted grant to Princeton University	More general
University of Iowa	Iowa City	IA	100,000	University of Iowa mentoring program	More general
1Sky Education Fund	Takoma Park	MD	40,000	Grant to advocacy organization focusing on Federal action to stem global warming & promote renewable energy	More general
Wolf River Conservancy	Memphis	TN	25,000	Protection of the Wolf River Watershed, which includes parts of Fayette (metro), Hardeman (nonmetro), and Shelby Counties (metro), Tennessee	More general
Dovetail Learning	Sebastopol	CA	30,000	Organization focused on elementary education curriculum development	More general
Consortium for Educational Change	Lombard	IL	462,000	School reform organization	More general
University of La Verne	La Verne	CA	24,500	Grant for unspecified purpose to a private university	More general
Art Lies	Houston	TX	20,000	Forum for critical examination of contemporary arts	More general
Vermont Parent Representation Center	Burlington	VT	13,710	Grant to improve parent representation in dependency cases in Vermont and Georgia	More general
State University of New York at Binghamton	Binghamton	NY	10,000	Grant for development of a course on philanthropy	More general
Altarum Institute	Ann Arbor	MI	175,981	Research and consulting organization to improve health care	More general
Memorial Sloan-Kettering Cancer Center	New York	NY	149,422	Research fellowship at cancer research center	More general
Land Trust for Tennessee	Nashville	TN	10,000	Grant to a State land trust	More general
Stanford University	Stanford	CA	85,000	Grant to a university medical fellowship program	More general
Oregon State University Foundation	Corvallis	OR	10,000	Grant to a university crew team boathouse project	More general
Fair Housing Agency of Alabama	Mobile	AL	15,000	Grant to a fair housing agency with a statewide service delivery area	More general
Texas Southern University	Houston	TX	100,000	Research grant (chemistry) to a university	More general
Gay and Lesbian Alliance Against Defamation	Los Angeles	CA	150,000	Grant to promote media coverage of pro LGBT advocates	More general
Saint Jude Children's Research Hospital	Memphis	TN	31,550	Medical research grant to a research hospital	More general

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Classification of beneficiaries of 200 randomly selected large-foundation grants in 2010—continued

Grant recipient	City	State	Amount (\$)	Notes on grant recipient, purpose, and beneficiaries	Beneficiary classification
NAACP	Los Angeles	CA	7,5000	Grant for NAACP Scientific Olympics program	More general
University of Pittsburgh	Pittsburgh	PA	20,000	Grant for unspecified purpose to a State university	More general
Texas Christian University	Fort Worth	TX	205,000	Scholarship for university business students	More general
American Lung Association of Wisconsin	Brookfield	WI	99,718	Grant to for smoking cessation program in Wisconsin	More general
March of Dimes Birth Defects Foundation	Arlington	VA	10,000	Grant to national birth defects foundation	More general
University of California	Davis	CA	75,000	Grant for child obesity conference at a university	More general
Saints Medical Center	Lowell	MA	10,818	Grant to a hospital to support student interns	More general
Cornell University	Ithaca	NY	145,117	Grant for medical research fellowships	More general
George Mason University	Fairfax	VA	20,000	Grant to a State university for unspecified purpose	More general
Special Olympics Hawaii	Honolulu	HI	10,000	Grant for the Special Olympics in Hawaii	More general
New Teacher Center	Santa Cruz	CA	443,904	Grant to promote better Federal and statewide induction policies in Illinois, Indiana, and Wisconsin	More general
Lee University	Cleveland	TN	1,500,000	General support grant to a private university	More general
Chico State CIM Patrons	Forest Ranch	CA	20,000	Grant to a State university for its Concrete Industry Management program	More general
Americas Wetland Foundation	New Orleans	LA	84,000	Organization focuses on conservation of wetlands in the Mississippi Delta	More general

Source: USDA, Economic Research Service, using a random sample of grants in the Foundation Center data on U.S. domestic grants by large foundations.

Appendix 2. Ordinary least squares regressions predicting county-level per capita real value of large-foundation grants from 2005 to 2010

For nonmetro and metro counties separately, the author used ordinary least squares regressions to predict the county-level per capita real value of grants received from large foundations from 2005 through 2010 using county-level demographic, socioeconomic, and geographic characteristics. Four regression models are reported: one each for nonmetro counties and metro counties using the total real value of grants per capita (in 2010 dollars) as the dependent variable, and one each for nonmetro counties and metro counties using the total real value of grants per capita, excluding grants to universities, as the dependent variable. The latter two regressions also excluded “college counties,” which were defined for this study as counties in which at least 10 percent of the population 18 years or older was enrolled in a college, university, graduate, or professional school during 2006 to 2010. The set of regressions excluding grants to universities and excluding college counties was run to check whether the relationships between grants per capita and other factors were due only to the effect of colleges and universities.

The regression coefficients and standard errors are reported in table A.1. The regression coefficients can be interpreted as the partial association between the particular explanatory variable and the total real value of grants received per capita, controlling statistically for the associations of other variables with grants per capita. For example, the coefficient of 0.184 for population density in the regression for all grants per capita to metro counties indicates that an increase of 1.0 person per square kilometer in a metro county is associated with an increase of about \$0.18 in total grant value per capita over 2005 to 2010, holding other factors unchanged. The three asterisks after this coefficient indicate that it is statistically significant at the 1-percent level, meaning that there is at most a 1-percent chance that a coefficient this large would be observed if the true value of the coefficient were actually zero. The statistical significance is based on comparing the coefficient value to the standard error; the larger the magnitude of the coefficient relative to the standard error, the more confident we can be that the true value of the coefficient is not zero.

The regression results are consistent with the correlations in table 6 for the effects of education and assets of public charities. The share of the adult population having a college degree is positively associated (with high statistical confidence) with the total real value of grants per capita in both nonmetro and metro counties, whether or not grants to universities and college counties were included. An additional one percentage point (0.01 share) of the population with a college degree is associated with approximately \$7 to \$12 per capita of additional grants in both metro and nonmetro counties, depending on whether grants to universities and college counties are included or excluded. This suggests that the effect of educational attainment on receipt of large-foundation grants is not due primarily to grants to universities or the presence of a large population of college students. The value of local assets of public charities per capita is also positively and statistically significantly associated with the real value of grants per capita in both metro and nonmetro counties, when all grants and counties are included. Excluding university grants and college counties reduces the magnitude of the coefficients for both metro and nonmetro counties, and the coefficient for metro counties becomes statistically insignificant. The magnitude of this relationship ranges from an additional \$7 to \$28 in grants per \$1,000 of additional local assets of public charities.

Table A.1

Regression coefficients (robust standard errors in parentheses)¹

Explanatory variable	Real large-foundation grant value per capita from 2005 to 2010 (all grants)		Real large-foundation grant value per capita from 2005 to 2010 (excluding grants to universities and excluding "college counties" ²)	
	Nonmetro counties	Metro counties	Nonmetro counties	Metro counties
Population, 2010 (thousand)	-1.741*** (0.466)	-0.0685 (0.0394)	-0.587*** (0.221)	0.0257 (0.0262)
Population density, 2010 (persons per square km.)	1.555 (0.864)	0.184*** (0.059)	-0.138 (0.168)	-0.025 (0.020)
Share of population in poverty, 2006-10	155.3 (139.9)	1343.4 (767.2)	-82.1 (110.6)	1914.0 (1262.1)
Share of population 25 years and older with less than a high school diploma, 2006-10	188.3 (141.8)	453.5 (332.0)	292.1** (131.7)	-620.3 (437.8)
Share of population 25 years and older with college degree, 2006-10	899.0*** (272.2)	1199.9*** (277.9)	994.7*** (239.0)	673.3** (269.3)
Share of population black, 2010	-25.1 (33.3)	51.9 (205.8)	18.7 (27.0)	132.4 (139.6)
Share of population Hispanic, 2010	66.2 (51.7)	-96.9 (130.5)	26.9 (48.1)	83.9 (94.0)
Share of population American Indian, 2010	86.7 (60.7)	196.0 (366.5)	81.7 (49.6)	-274.4 (316.0)
Share of population under 18 years of age, 2010	-283.6 (241.5)	-1310.5 (792.0)	-348.9 (210.0)	-529.1 (408.7)
Share of population 65 years of age and older, 2010	-318.3 (234.0)	-606.2 (625.6)	-250.9 (211.0)	-210.2 (220.5)
Natural amenities scale	9.771** (3.974)	6.844 (6.403)	6.920*** (2.420)	0.115 (4.390)
Beginning value of assets per capita held by public charities in 2010	0.02881*** (0.00693)	0.02413*** (0.00539)	0.01369** (0.00608)	0.00720 (0.00452)
Intercept	-63.9 (72.0)	-96.7 (316.8)	-26.1 (66.3)	-90.0 (158.9)
Number of observations	2022	1083	1854	841
R squared	0.5272	0.4373	0.2031	0.0793

, * indicate that the coefficient is statistically significant at the 5% or 1% level, respectively.

¹The ERS data on the natural amenities scale are not available for Alaska and Hawaii, so the regressions exclude these States.

²For the purposes of this analysis, "college counties" refers to counties in which 10 percent or more of the population of the county that was 18 years or older was enrolled in a college, university, graduate, or professional school during 2006 to 2010.

Source: Estimations by author using Foundation Center data on grants by large foundations, 2010 Population Census data (for demographic variables), 2006-2010 American Community Survey data (for poverty rate and share of population by educational attainment), National Center for Charitable Statistics (for assets of public charities), and Economic Research Service data on the natural amenities scale (see <http://www.ers.usda.gov/data-products/natural-amenities-scale.aspx>).

Other factors have more mixed or limited associations with grants per capita. The population level of a county has a negative and statistically significant (at the 1-percent significance level) association with the total value of grants per capita in nonmetro counties, but a statistically insignificant association with the total value of grants per capita in metro counties, whether grants to universities and college counties are included or excluded. Population density is positively and statistically significantly associated with the value of grants per capita in metro counties when university grants and college counties are included, but has a statistically insignificant association with grants per capita in metro counties when university grants and college counties are excluded, and a statistically insignificant association with grants per capita in nonmetro counties in both regressions. The share of the population in poverty has a statistically insignificant association with grants per capita in all regressions. Other factors that have a statistically significant association with grants per capita in at least one regression include the share of the adult population with less than a high school diploma (positive association (+) in nonmetro counties excluding university grants and college counties, and the natural amenities scale (+ in nonmetro counties whether including or excluding university grants and college counties).

It should be noted that these regression results only show partial associations between variables and do not prove that any causal relationship exists among these variables. These partial relationships may be due to the “explanatory factors” causing a change in foundation grants (e.g., greater local assets of public charities may increase their ability to raise funds from foundations), to reverse causality (e.g., greater foundation grants may lead to increased assets of public charities), or because both the explanatory factor and the dependent variable are caused by unobserved factors (e.g., both the assets of public charities and foundation grants in a location may be determined by unobserved factors such as local social capital). Thus, the relationships observed in table A.1 are only suggestive and not proof of causal relationships.