

# A DECADE OF MILLION-DOLLAR GIFTS:

A CLOSER LOOK AT MAJOR GIFTS BY TYPE OF RECIPIENT ORGANIZATION, 2000-2011

APRIL 2013



WHERE DO MILLION-DOLLAR GIFTS GO?

WHO GAVE  
MILLION-DOLLAR GIFTS?

WHO WAS MOST AFFECTED BY THE  
ECONOMY?



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Source: The Million Dollar List, Indiana University Lilly Family School of Philanthropy, [www.milliondollarlist.org](http://www.milliondollarlist.org).

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## Introduction

Charitable donations of \$1 million or more attract significant media and public attention, due to the substantial potential that such gifts have to drive social and economic change in communities locally and globally. However, knowledge about these major gifts mostly relies on anecdotal evidence, which offers little information about the overall picture of such gifts. For instance, how did these major gifts change during the past decade? Do different types of donors behave similarly, or differently, in response to the economy? Which types of charitable causes receive more attention from major donors? This report seeks to shed light on these important questions by analyzing publicly announced million-dollar-plus gifts from all sources (individuals, foundations, corporations, bequests, and other nonprofit groups) made between 2000 and 2011. The main focus of this report is to analyze million-dollar-plus gifts by type of recipient organization.

The report begins with an overview of million-dollar-plus gifts made from 2000 to 2011, with a brief discussion of the source and distribution of these donations. Next, the report offers an in-depth examination of gifts made to different types of organizations. For each type of recipient organization, the report includes the following key sections:

1. Trends in million-dollar-plus gifts from 2000 to 2011;
2. Million-dollar-plus gifts by type of donor;
3. Impact of macroeconomic factors; and
4. Geographic distribution of gifts.

Section 1 discusses changes in the number and dollar amount of gifts over time. Section 2 focuses on the sources of gifts and the yearly fluctuations in giving from each source. Section 3 explores how million-dollar-plus gifts responded to changes in the economic climate between 2000 and 2011. This period witnessed both economic growth and downturns. In particular, the two recessions — from March to November 2001 and from December 2007 to June 2009 — significantly influenced charitable giving at all levels. In this report, the impact of five major macroeconomic indicators is analyzed separately in statistical regressions. These factors are the Standard & Poor's 500 Index (S&P 500), gross domestic product (GDP) of the U.S., personal consumption expenditures, unemployment rate, and recession.<sup>1</sup> All of these factors have been found in previous research to be important predictors of charitable giving. This analysis used the number of gifts, not the dollar value of gifts, because the trends in the dollar value tend to be greatly driven by a few very large donations and may not accurately reflect the impact of the economy on million-dollar-plus giving. Yearly and quarterly variation is also controlled in the analysis.

Section 4 highlights the geographic distribution of gifts: the share of gifts staying within the donor's home state or geographic region (i.e. Northeast, Midwest, South, and West). For three types of recipient organizations — U.S.-based international organizations, U.S. government

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<sup>1</sup> For explanations of these five macroeconomic variables, please refer to the Methodology section.

institutions, and overseas organizations, this report also examines charitable causes supported by gifts made to these organizations.

This report analyzes 20,941 gifts totaling \$271 billion made between 2000 and 2011. (All dollar figures are adjusted for inflation to 2011 values.) It uses data from the Million Dollar List (MDL), a large database of charitable gifts at the million-dollar level and above. Only publicly announced gifts on the MDL made between 2000 and 2011 are included in the analysis, so gifts made by individuals and organizations that did not release public announcements are not captured in the report. In the MDL database, such gifts made by foundations and other nonprofit organizations are often captured using information from organizations' annual tax returns. However, because tax returns do not specify the quarter in which the gifts were made, these gifts are excluded from the analysis here in order to present a more accurate picture of the trends in million-dollar-plus giving between 2000 and 2011. This exclusion also allows us to examine how giving at this level is affected by economic changes on a quarterly basis.

It is important to note that a small share of gifts included in the analysis do not contain information on the geographic location of the donor or the recipient. Among the total of 20,941 gifts analyzed in this report, less than 4 percent went to foreign organizations, and about 4 percent did not publicize the donor's information. Excluding these anonymous gifts and gifts flowing outside of the U.S., only 3 percent of gifts (600) made to U.S. organizations did not contain the geographic information of the donor or the recipient. These gifts with missing geographic information, totaling \$5.8 billion, largely went to higher educational institutions and human services organizations.

## Key Findings

The period between 2000 and 2011 saw dramatic fluctuations in the number and dollar amount of publicly announced million-dollar-plus gifts. The number of gifts peaked at 2,355 gifts in 2008 and reached its lowest level at 1,092 gifts in 2003. In 2006, giving reached the highest value over the entire period at nearly \$61 billion. However, this peak was largely attributed to a single gift of approximately \$33 billion made to a foundation. Then, following a three-year decline, giving reached its lowest dollar value in 2010 at around \$10 billion.

Among the 12 different types of recipient organizations, higher educational institutions and foundations were the top two recipients. Approximately 48 percent of gifts (10,073), totaling \$86 billion (around 32 percent of the total dollar amount), went to higher educational institutions. A total of \$97 billion (nearly 36 percent) from just 235 gifts (about 1 percent) went to foundations. None of the other types of organizations received more than 10 percent of the gifts during the period between 2000 and 2011.

### *Trends in the Number and Dollar Amount of Gifts, 2000–2011*

Between 2000 and 2011, million-dollar-plus giving exhibited different profiles across various types of recipient organizations. Nevertheless, three consistent patterns emerge from the analysis:

- Most types of recipient organizations saw the highest level in the number and dollar amount of million-dollar-plus gifts either at the beginning of the period (in 2000 or 2001) or in the middle years (2007 or 2008).
- Giving to most types of recipient organizations experienced a decline, or a relatively low level, from 2001 to 2003, and again from 2008 to 2010, suggesting a negative impact of the two economic downturns on charitable giving at the million-dollar level and above.
- The year 2011 witnessed a modest increase in giving to most types of recipient organizations. Although giving did not fully recover to the dollar amounts seen prior to 2007, this growth sent a hopeful sign of recovery in charitable donations at the million-dollar level and above.

### *Gifts by Type of Donor*

Individuals and foundations are the primary sources of publicly announced million-dollar-plus gifts. During the period from 2000 to 2011, individuals contributed the largest share of gifts, as the combined number of inter vivo and planned gifts accounted for 40 percent of all gifts (8,356 gifts), and 65 percent of the total dollar amount (\$176 billion). In particular, individual (inter vivo) gifts alone reached \$137 billion from 7,092 gifts in total. Individuals were the primary source of million-dollar-plus gifts made to higher educational institutions and foundations.

Charitable bequests contributed less than 1,300 gifts totaling \$39 billion, the third highest dollar value among all donor types. Planned giving represented approximately 20 percent of the dollar value of gifts made to four types of recipient organizations. However, it was a very small source

of million-dollar-plus gifts made to six types of recipient organizations, ranging from 1 to 7 percent of giving.

Foundations made the highest number of gifts among all donor types, at 8,984 gifts with a total of \$68 billion. Foundations were the most significant source of million-dollar-plus gifts made to six different types of recipient organizations, accounting for at least half of gifts to each type of organization.

Corporations and corporate foundations contributed approximately 3,000 gifts totaling \$20 billion. Compared with individuals and foundations, corporations were responsible for a relatively small share of million-dollar-plus gifts made to most types of recipient organizations, ranging from 6 to 23 percent. A particular exception is corporate giving to human services organizations, representing about 42 percent of the number of gifts, and 29 percent of the dollar amount.

During the 12-year period, other grant-making nonprofit organizations granted nearly 600 million-dollar-plus gifts totaling \$6 billion. This source took up the smallest share (less than 7 percent) of the number and dollar amount of gifts to all types of recipient organizations.

### *Impact of Macroeconomic Factors on the Number of Gifts*

This report examines the impact of the economy on publicly announced million-dollar-plus gifts from individuals, foundations, and corporations, respectively. For most types of recipient organizations, individual donations appear to be more responsive than foundation and corporate gifts to the economic climate. All five of the macroeconomic indicators analyzed in the report — the Standard & Poor's 500 Index (S&P 500), gross domestic product (GDP), personal consumption expenditures, unemployment rate, and recession — showed a significant correlation with the number of individual gifts made to various types of recipient organizations.<sup>2</sup>

Publicly announced million-dollar-plus gifts by individuals to the following five types of organizations are particularly sensitive to changes in these indicators:

- Higher educational institutions;
- Other educational organizations;
- Arts, culture, and humanities organizations;
- Environmental organizations; and
- International organizations.

The S&P 500, GDP, and personal consumption are positively associated with individual giving to these five types of organizations. The unemployment rate is negatively correlated with

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<sup>2</sup> A statistically significant correlation is a statistical term used to describe the relationship between two variables that is unlikely to exist by chance. A statistically significant positive correlation between two variables means that when one variable increases, the other variable also tends to increase, and vice versa. A statistically significant negative correlation exists when one variable increases, the other variable tends to decrease, and vice versa.

individual gifts made to all of these organizations except environmental organizations. The current recession quarter is negatively linked to individual gifts made to environmental organizations.

Among the five macroeconomic indicators analyzed, recession shows the strongest correlation with the changes in the number of foundation gifts, as a positive, significant relationship between these two is observed for four types of recipient organizations, including:

- International organizations;
- Other educational institutions;
- Arts, culture, and humanities organizations; and
- Public-society benefit organizations.

By contrast, S&P 500 is negatively associated with foundation gifts made to other educational institutions only. Further, GDP is positively related to foundation gifts made to international organizations only.

Of million-dollar-plus gifts from foundations, those made to international organizations are the most responsive to economic changes, with significant correlations with four of the macroeconomic indicators analyzed: GDP, personal consumption, unemployment rate, and recession.

Corporate giving at the million-dollar level and above is largely unaffected by the fluctuations in macroeconomic indicators. Changes in these gifts are linked more closely to the changes in GDP than the changes in the other four macroeconomic factors analyzed. Corporate gifts made to arts and public-society benefit organizations are the most responsive to the economic climate, as these gifts show a significant relationship with three indicators.

In general, million-dollar-plus giving to arts and environmental organizations is most responsive to changes in macroeconomic conditions; whereas million-dollar-plus giving to health and human services organizations shows the least sensitivity to variations in the economy.

### *Geographic Distribution of Gifts*

Local donors (from the same state or geographic region) contributed a significant share of publicly announced million-dollar-plus gifts between 2000 and 2011. Roughly half of such gifts (47 percent of the number and 52 percent of the dollar value) came from donors in the same state, and about 60 percent came from donors in the same geographic region.

Particularly, five types of organizations received at least half of their gifts from donors in the same state and approximately two-thirds of their gifts from donors in the same geographic region. These recipient organizations include:

- Health organizations;
- Arts, culture, and humanities organizations;

- Foundations;
- Higher educational institutions; and
- Government agencies.

By contrast, international and human services organizations tended to receive a majority of million-dollar-plus gifts from non-local donors.

- Less than one-third of gifts at this level to U.S.-based international organizations were given by donors within the donor's same state, and a slightly larger portion came from donors within the same geographic region.
- Only one-third of such gifts made to human services organizations were given by donors in the same state, and less than half of gifts were from donors in the same region.

Compared with other types of donors, charitable bequests of \$1 million or more were more likely to go to local nonprofit organizations. In particular, over 90 percent of bequests made to foundations came from local donors (in the same state or geographic region), and more than 80 percent of bequests made to public-society benefit organizations came from local donors.



## **Key Implications for Donors and Practitioners**

The findings of this report suggest the following key implications for donors, nonprofit organizations, and practitioners.

### *Leveraging Resources to Transform Communities*

Today, more and more donors seek greater involvement with the causes and nonprofits they care about. Donors are looking for new ways of giving to drive social and economic changes in communities. Keeping abreast with the trends in major giving can help donors leverage resources with their peers who share similar philanthropic passion to achieve greater impact in transforming local communities.

### *Power of Individual Gifts*

Individual giving represented the largest share in the dollar value of publicly announced gifts at the million-dollar level and above made between 2000 and 2011. This finding confirms the importance of individual donor cultivation and stewardship in attracting major gifts. Moreover, charitable bequests constitute an important source of million-dollar-plus gifts especially for several types of organizations. The value of planned gifts cannot be neglected.

### *Broad Distribution of Gifts*

Although higher educational institutions and foundations received a large portion of million-dollar-plus gifts, the remaining gifts are relatively equally distributed among many other types of organizations. Even for organizations that do not receive a large share of million-dollar-plus gifts, the large donations that they do receive are a significant source of their annual income. Organizations in any subsector may attract major gifts.

### *Impact of the Economy*

The findings reveal a close correlation between million-dollar-plus giving and the economic climate. In particular, individual gifts are rather sensitive to the economic fluctuations. When the economy improves or declines, individual million-dollar-plus giving often follows suit. Organizations that rely primarily on individual major donors can benefit from close attention to economic trends. In particular, many types of organizations saw an increase in million-dollar-plus gifts received in 2011. This upturn suggests that these organizations may take advantage of economic growth to solicit major donors with renewed effort.

### *Value of Local Donors*

A significant share of million-dollar-plus gifts came from local donors in the same state or the same geographic region. This finding reminds nonprofit organizations that when developing fundraising strategies for local communities, cultivating prospective major donors and attracting small donations are both essential.