

PHILANTHROPY
IN THE
FIRST STATE

*Giving and Philanthropy
in Delaware*

PREPARED BY
KBT & ASSOCIATES
JACKSONVILLE, FLORIDA
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INTRODUCTION

Those working in the fields of philanthropy and nonprofits in greater Wilmington and the State of Delaware do so in an environment that is generally robust and mature when compared with many other communities, particularly in the South.

Greater Wilmington includes communities of enormous wealth that exhibit exceptionally strong traditions of giving. The State of Delaware is home to a large and healthy community of organized philanthropies holding significant assets and awarding sizeable gifts.

And, though this report does not detail the nonprofit community, other research indicates that the nonprofit community in Delaware is reasonably well-organized. The National Center for Charitable Statistics reports that in 2004, Delaware had 303 nonprofits per 100,000 population, compared with 284 in Virginia, 229 in Florida, 326 in Maryland and 267 in Pennsylvania.

The region is not without its challenges, however.

Overlapping metropolitan boundaries and blurred geo-political distinctions create enormous challenges to those who seek to access “Wilmington” or “Delaware” philanthropy. Though there is great wealth and strong giving cultures in the region, much of this wealth may hold allegiances to communities and institutions outside of Delaware. Those Delaware-based institutions that seek to develop relationships with wealthy donors must compete with institutions from metropolitan Philadelphia and the states of Maryland and Pennsylvania.

The strength of the Wilmington banking and financial services industry coupled with the unique legal characteristics that make Delaware a popular corporate headquarters location result in a large number of foundations making their home in Delaware without exhibiting any particular connection to the state. Of the 50 largest foundations in the state in 2003 (ranked by assets) only eight awarded grants of more than \$50,000 in Delaware, according to The Foundation Center.

At the same time, there are opportunities.

Many of the foundations that do not currently fund in Delaware are not restricted from funding in Delaware – in fact, they fund a wide range of interests and locales. These foundations are potential funding partners for Delaware organizations if the organizations are willing to pursue them.

WHERE IS WILMINGTON?

To adequately assess individual giving in the greater Wilmington area and Delaware, it is important to understand the practical, as opposed to geo-political, boundaries of the community.

Delaware, presents a unique demographic challenge due to the state’s small size and Wilmington’s proximity and strong relationship with the city of Philadelphia and communities in Pennsylvania, New Jersey and Maryland.



The U.S. Census defines Wilmington as a “Metropolitan Division” that is a subset of the Philadelphia Metropolitan Statistical Area. The Wilmington Metropolitan Division includes counties in three states: Delaware (New Castle County, home of Wilmington); Maryland (Cecil County); and New Jersey (Salem County).

WHERE DONORS LIVE	
New Castle County, DE	60.00%
Kent County, DE	8.65%
Chester County, PA	7.36%
Sussex County, DE	4.10%
Cecil County, MD	2.33%
Delaware County, PA	2.08%
Salem County, NJ	0.49%
Gloucester County, NJ	0.39%
Harford County, MD	0.38%
Elsewhere	14.23%
	100.00%
Based on contributions to United Way of Delaware, Boys and Girls Clubs of Delaware, Delaware Art Museum and Delaware Symphony Association.	

From a philanthropic perspective, however, evidence indicates there may be equally strong or stronger ties between Wilmington and the Pennsylvania counties of Chester and Delaware.

Using records obtained from four state-wide, Wilmington-based nonprofits, KBT & Associates analyzed roughly 75,000 individual contributions to determine the “donor catch-basin” for Delaware nonprofits. That analysis indicated that Delaware nonprofits draw more than 80 percent of their donors from nine counties – the three Delaware counties (New Castle, Kent and Sussex) and six surrounding counties.

About the Study

This report was made possible by the generous support of the Jessie Ball duPont Fund. It was prepared by Mary Kress Littlepage of KBT & Associates, Jacksonville, Florida. Data on individual giving was provided by L&M Associates, Athens Ohio. Additional data was provided by Guidestar, the National Center on Charitable Statistics and The Foundation Center.

Of those six surrounding counties, three provide a significant number of donors to Delaware nonprofits: Chester and Delaware counties in Pennsylvania and Cecil County, Maryland.

These six primary donor counties can be divided into two groups:

The northern and more urbanized counties of New Castle, Delaware; Cecil, Maryland; and Chester and Delaware, Pennsylvania.

The southern and more rural counties of Kent and Sussex, Delaware.

Our review of individual giving patterns will concentrate on these six counties, referred to as the Delaware donor area.

Sources & Terminology

Data on individual giving comes from the Internal Revenue Service based on information contained in personal tax returns in years 1997 and 2002, the only two years for which the IRS currently provides this information.

The IRS reports reflect only those gifts declared as charitable contributions on Schedule A of a personal income tax return and thus do not capture those gifts given for which no deduction is claimed. Undoubtedly, millions more is given by individuals who do not itemize deductions, do not file tax returns or, for whatever reason, do not claim their gifts.

Additionally, IRS reports reveal only the amounts of the gifts, not to whom they are given.

This report uses the following terms:

✓ A **tax filer** is a single tax filing entity. It may be an individual, couple or family. It is not synonymous with people or households.

✓ **Average tax filer income** is the average adjusted gross income (AGI) of all tax filers in a group.

✓ A **donor** is a tax filer who declares a charitable contribution on the tax return.

✓ **Percent who give** is the percentage of tax filers who declare charitable contributions.

INDIVIDUAL GIVING

The greatest source of philanthropic dollars in any community is individual donors. From community to community, individuals give far, far more than organized philanthropy. In the state of Delaware alone, individual donors gave \$419 million in 2002, more than eight times the amount given by the top 50 U.S. foundations that awarded gifts in Delaware in 2003.

Individual giving in any community is a function of available wealth and willingness to give. Some communities have a strong culture of giving, but lack great wealth. Other communities have considerable wealth, but a less charitable spirit.

Behind an analysis of individual giving and philanthropy is the desire to understand the impact of charitable dollars on a particular community. Viewed from this perspective, available wealth is less important than a community's culture of giving. Studies repeatedly show that the presence of a strong culture of giving in a community has greater influence on overall giving than the mere presence of significant wealth.

Compare, for instance, individual giving in Tennessee and Georgia in 2002. In Tennessee, the average charitable gift was \$4,856 and roughly 21 percent of the citizens were donors, generating total charitable contributions of \$2.6 billion. In Georgia, on the other hand, the average gift was less -- \$3,937 -- yet 35 percent of the citizens were donors, resulting in total charitable contributions of more than \$5 billion.

As in most communities, Delaware and the greater Wilmington area have both pockets of great wealth, and communities with strong giving cultures.

Available Wealth

The six-county Delaware donor area contains communities of great wealth, particularly in the northern, more urban counties. There, county-wide average tax filer incomes exceed national averages by as much as 60 percent.

In fact, this area includes some of the wealthiest zip codes in the nation. From Rockland, Delaware, where average tax filer income is \$305,534 to Wilmington, there are at least two dozen communities with an average tax filer income in excess of \$100,000. The national average is \$46,160.

Looking at county-wide incomes, three of the six counties exceed the national average, and a fourth is almost equal to the national average. Only Sussex and Kent counties have average tax filer incomes below the national average.

Between 1997 and 2002, patterns of wealth in these counties remained relatively stable, although incomes in the southern counties grew at a faster pace than in the northern counties.

Sussex County showed the greatest population increase – with the number of tax returns filed jumping more than 12 percent. And average tax filer income there increased more than 25 percent – far and away the greatest increase in the region.

WEALTHIEST COMMUNITIES 2002	
Town County / State Zip	Avg Tax Filer Income
Rockland New Castle, DE 19732	\$305,534
Montchanin New Castle, DE 19710	\$281,943
Wilmington New Castle, DE 19807	\$250,064
Villanova Delaware, PA 19085	\$249,411
Haverford Delaware, PA 19041	\$214,615
Wilmington New Castle, DE 19890	\$211,771
Newark New Castle, DE 19714	\$210,331
Wilmington New Castle, DE 19898	\$202,833
Bryn Mawr Delaware, PA 19010	\$154,565
Lionville Chester, PA 19353	\$137,121
Berwyn Chester, PA 19312	\$133,080
Valley Forge Chester, PA 19481	\$128,127

2002 AVERAGE INCOMES	
County	Average Adjusted Gross Income
Chester County, PA	\$74,868
Delaware County, PA	\$57,478
New Castle County, DE	\$54,460
<i>US Average</i>	<i>\$46,160</i>
Cecil County, MD	\$45,491
Sussex County, DE	\$39,377
Kent County, DE	\$38,814

CHANGES IN POPULATION & WEALTH 1997 - 2002		
County / State	% Change # of Tax Filers	% Change Avg Tax Filer Income
Kent County, DE	8.5	18.7
New Castle County, DE	2.5	11.9
Sussex County, DE	12.3	25.2
Cecil County, MD	11.1	18.3
Chester County, PA	6.1	13.3
Delaware County, PA	(0.1)	13.7

Willingness to Give

Even more important than the presence of wealth is the presence of a culture of giving, as evidenced by individuals' willingness to give. Communities typically benefit more from a broad universe of donors making modest gifts than from a narrow universe of donors making large gifts.

Willingness to give can be measured by a community's "donor participation rate," that is, the percentage of tax filers who declare charitable deductions on their tax returns. This indicator reveals the breadth of giving in a community.

Four of the Delaware donor area counties have a participation rate above the national average. Only the two southern counties of Kent and Sussex fall below that average.

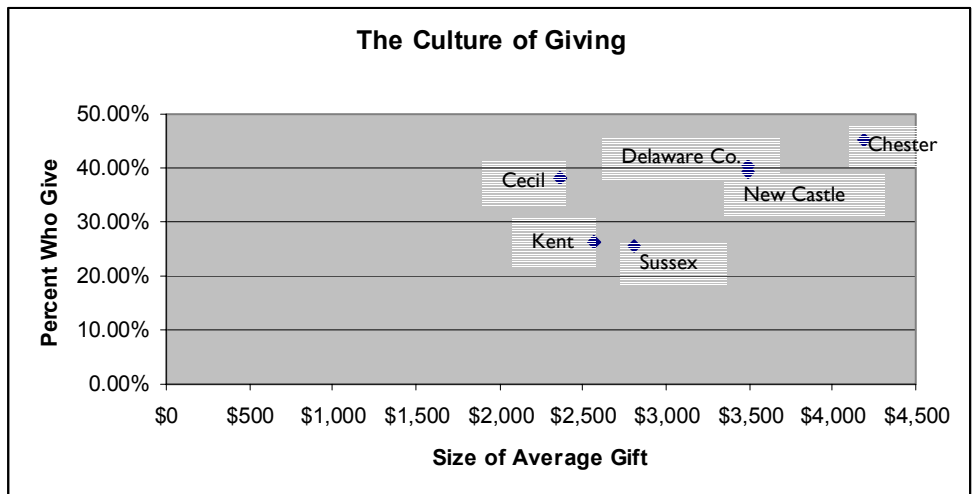
Moreover, 25 communities in the Delaware donor area boast a 2002 participation rate of 50 percent or more. All of the 25 are located in New Castle County, Delaware and Chester and Delaware counties, Pennsylvania.

A supplemental indicator of willingness to give is the size of the average donation. This indicator is more indicative of the depth of giving.

Across the nation, the average charitable gift is \$3,455. Three of the six Delaware donor area counties have average gifts that exceed the national average – New Castle, Chester and Delaware counties.

PARTICIPATION RATE 2002	
County	Rate
Chester County, PA	45.3 %
Delaware County, PA	40.3 %
New Castle County, DE	39.4 %
Cecil County, MD	38.14%
US Average	31 %
Kent County, DE	26.1 %
Sussex County, DE	25.5 %

AVERAGE GIFT 2002	
County	Avg Gift
Chester County, PA	\$4,182
Delaware County, PA	\$3,495
New Castle County, DE	\$3,487
US Average	\$3,455
Sussex County, DE	\$2,808
Kent County, DE	\$2,562
Cecil County, MD	\$2,358



The community with the ideal culture of giving would have high income, a high donor participation rate and a large average gift.

Six Delaware donor area communities stand out as having these exceptional giving characteristics. These communities would rank at the top of any list of communities with a strong culture of giving:

COMMUNITIES WITH STRONG CULTURE OF GIVING			
Community	Avg Tax Filer Income	Participation Rate	Average Gift
Rockland New Castle County, DE 19732	\$305,534	67.8 %	\$15,163
Wilmington New Castle County, DE 19890	\$211,771	62.7 %	\$27,302
Wilmington New Castle County, DE 19807	\$250,064	60.3 %	\$16,922
Valley Forge Chester County, PA 19481	\$128,127	58.6 %	\$13,887
Villanova Delaware County, PA 19085	\$249,411	58.5 %	\$16,238
Haverford Delaware County, PA 19041	\$214,615	58.0 %	\$15,377

Analyzing Foundation Giving

To analyze the giving of Delaware-based foundations, grants were reviewed from a sample of 50 of 331 foundations, including 20 of the 50 largest foundations as ranked by total giving. Grants were from the most recent tax return available for the organization. Only foundations with assets in excess of \$1 million were included.

It is worth noting that the overall analysis includes a \$12.5 million grant by the Longwood Foundation to Longwood Gardens. Had this grant been excluded, the percentage of grant dollars leaving the state would have increased to 66 percent.

The Longwood grant was excluded in the review of those grants that remained in Delaware. Had it been included, it would have significantly skewed the results.

ORGANIZED PHILANTHROPY

While individuals may give the lion's share of charitable contributions, foundations get the lion's share of attention when it comes to philanthropic giving. The preferential tax status they receive, in return for supporting activities that serve the common good, obligates them to a high level of public accountability. Their sheer wealth often attracts attention, as does their public grantmaking and, in some cases, their civic activity.

The State of Delaware was home to more than 331 grantmaking foundations, as of 2003. Collectively, these foundations held almost \$3 billion in assets and made gifts of more than \$195 million.

Most of these foundations are private independent foundations, but also included are a number of corporate foundations and one community foundation.

DELAWARE FOUNDATIONS			
Circa 2003			
Type	Number	Assets	Giving
Private Independent Foundations	312	\$2,733 million	\$133.7 million
Corporate Foundations	6	\$106 million	\$55.7 million
Community Foundations	1	\$125 million	\$5.7 million
Operating Foundations	12	\$28 million	\$745,936
Total	331	\$2,992 million	\$195.96 million

In Delaware, as in other areas, foundation presence is *not* synonymous with foundation investment. In fact, it is estimated that 55 cents out of every \$1 given by Delaware-based foundations leaves the state.

Many Delaware-based foundations are tied to the state simply through their financial institutions: they may give to a miscellany of causes or organizations with no obvious ties to Delaware. Other foundations are tied to families with roots in Delaware but current interests elsewhere. Still others have a focus of giving that is not relevant to Delaware: scholarships to Texas colleges and universities, for instance. And some foundations have strong Delaware ties but are national in scope and fund organizations in Delaware as well as across the country.

For all of these reasons, foundation funds that start out in Delaware end up benefiting organizations outside of the state.

WHERE GRANT DOLLARS GO								
Grant Dollars Remaining In State*								Grant Dollars Going Out of State
45%								55%
Arts & Culture*	Education	Environment / Animal Welfare	Health	Human Services	Public Support & Benefit	Religion	Other	Based on review of grants made by a sample of 50 Delaware foundations
5.5%	33.2%	6.2%	22.7%	18.7%	10.7%	1.8%	1.2%	
* A Longwood Foundation grant of \$12.5 million to Longwood Gardens is included in the total calculation of grants leaving and remaining in the state. However, the grant is excluded from the calculation of how grants are distributed within the state. Had the Longwood grant been included in the in-state distribution, Arts & Culture would have received 40 percent of grant dollars, with all other categories declining proportionately.								

Delaware is not unique in this regard. In Florida, for instance, more than 60 percent of foundation funds leave the state. Even in small communities, often more than a third of foundation gifts leave the area.

How are those grant dollars that do remain in Delaware deployed?

Again, the findings in Delaware echo findings in other studies:

The largest percentage of dollars go to fund Education. Whether this reflects enormous funder interest in education, or the fund-raising effectiveness of educational institutions is uncertain. Other significant investments go to Health and Human Services.