

Philanthropic Funds for Research and Other Sponsored Programs

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Overview

Research and development funds in the United States

Foundations: mission, types, 501(c)(3) tax status

Foundation funds for university research/sponsored programs

Funds given to HBCUs through foundations

Examples of funds that MSU has received from foundations

Special budget notes when applying for funds from foundations

Identifying opportunities and cultivating relationships with foundations

Summary

Research and Development Funds in the United States

Funders

Businesses

Federal government

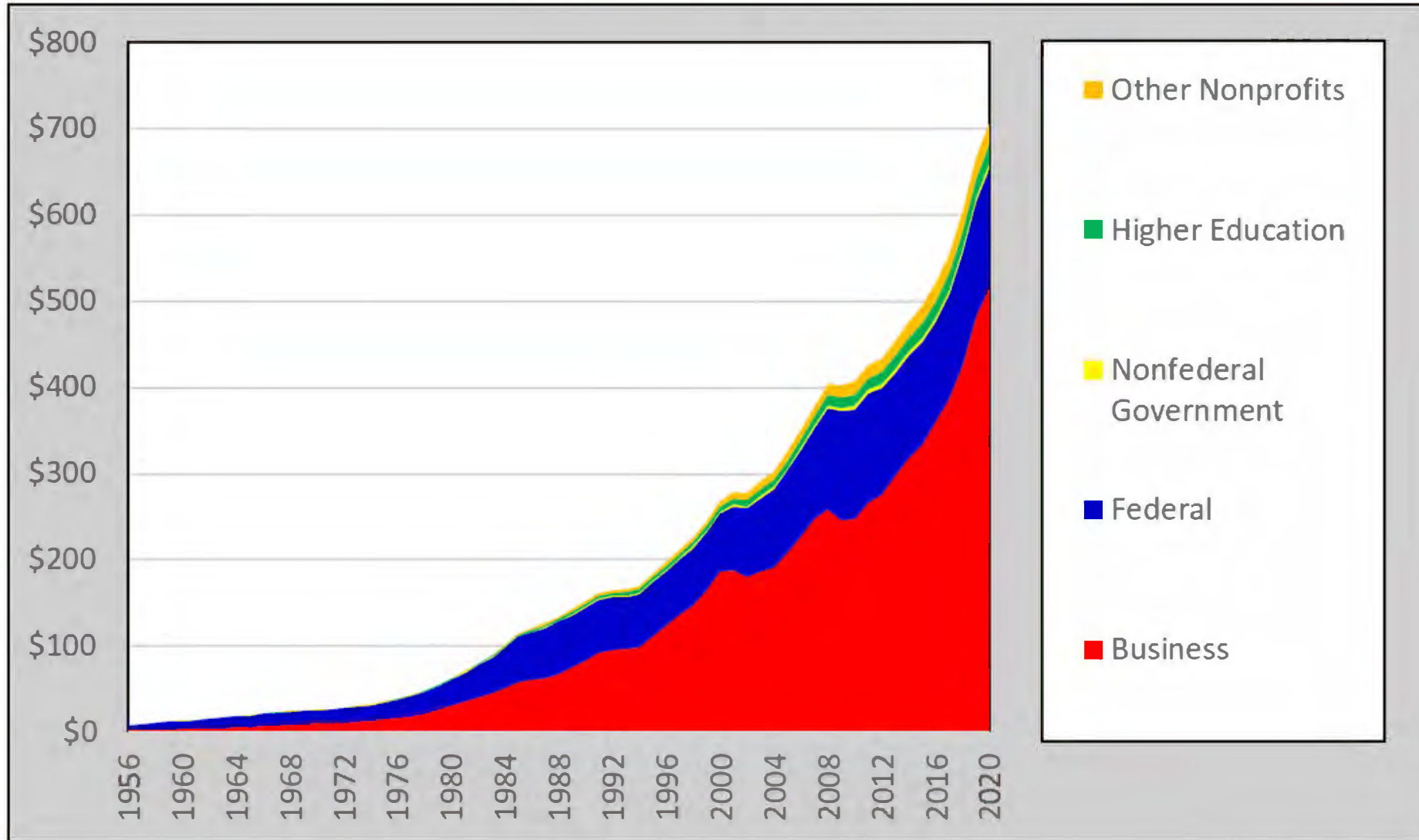
State and local governments

Foundations

Individuals

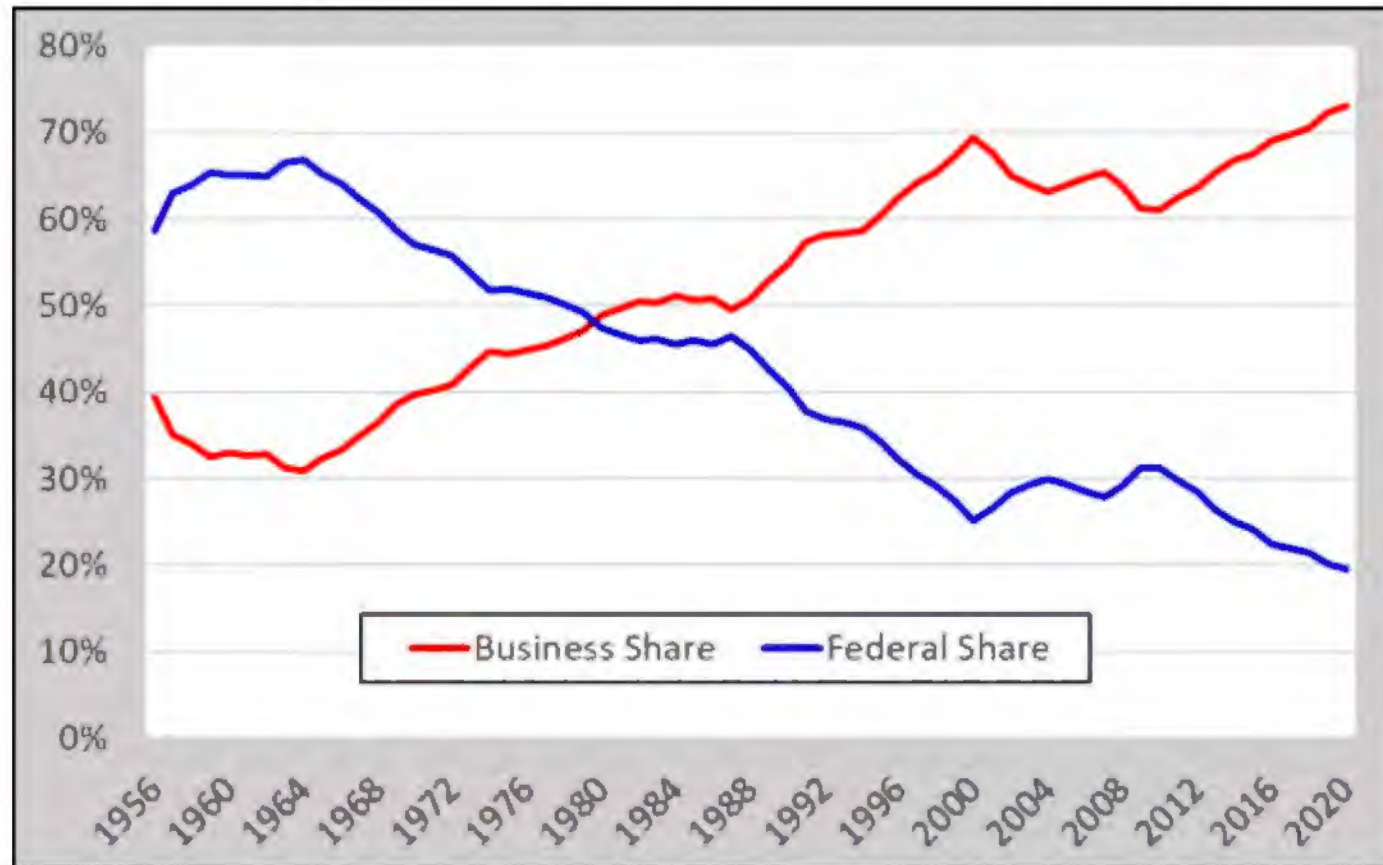
Figure I. U.S. R&D Expenditures by Source of Funding, 1956-2020

Current dollars, in billions



Source: CRS analysis of National Science Foundation, *National Patterns of R&D Resources: 2019–20 Data Update*, NSF 22-320, Table 6, February 22, 2022, <https://nces.nsf.gov/pubs/nsf22320>.

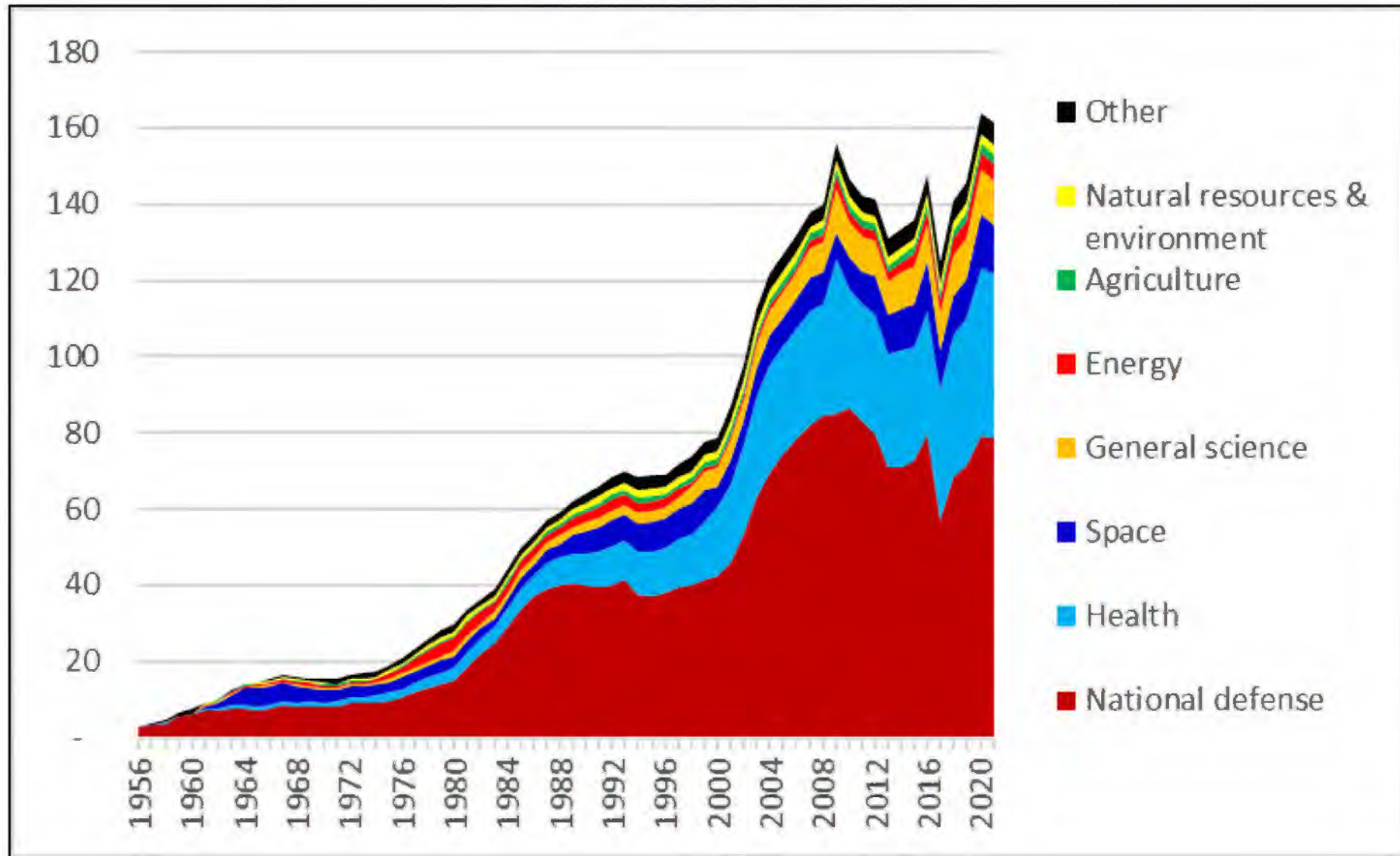
Figure 2. Federal and Business Shares of U.S. R&D Expenditures, 1956-2020



Source: CRS analysis of National Science Foundation, *National Patterns of R&D Resources: 2019–20 Data Update*, NSF 22-320, Table 6, February 22, 2022.

Figure 3. Federal R&D Funding by Budget Function, 1956-2021

Current dollars, in billions



Source: CRS analysis of data from National Science Foundation, *Federal R&D Funding, by Budget Function: Fiscal Years 2020–22*, (NSF 22-316), Table 23, January 18, 2022, <https://nces.nsf.gov/pubs/nsf22316>.

Foundations: Mission, Types, 501(c)(3) Status

501(c)(3) Tax Exempt Organizations

- **To be tax exempt**

- Defined in Section 501(c)(3) of the Internal Revenue Code
- Organized and operated exclusively for exempt purposes set forth in section 501(c)(3)
- May not use any of its earnings to benefit private shareholder or individual
- May not campaign for or against political candidates
- Are restricted in how much political and legislative (lobbying) activities they may conduct

501(c)(3) Tax Exempt Organizations

- **Non-Profits**

- A wide variety of activities, including charity and making grants
- Charitable, religious, educational, scientific, literary, testing for public safety...
May make grants

- **Charitable Organizations**

- A subset of 501(c)(3) organization
- Have an IRS definition

- **Foundations**

- Not a legal definition
- Typically, charitable organizations that make funding to others

IRS-Defined Charitable Purposes: Compare with MSU's Goals

- “relief of the poor, the distressed, or the underprivileged;
- advancement of religion;
- advancement of education or science;
- erecting or maintaining public buildings, monuments, or works;
- lessening the burdens of government;
- lessening neighborhood tensions;
- eliminating prejudice and discrimination;
- defending human and civil rights secured by law;
- combating community deterioration and juvenile delinquency.”

Charitable Organization Types

- **Private**

- Typically one person, one family, or one corporation
- Large investment, dividends
- Makes grants
- Must distribute at least 5% of its funds
- High degree of personal control

- **Example:**

- Gates Foundation
- Must distribute 5% of its assets

- **Public**

- At least one-third of funds from public donations
- Regular donor solicitation
- Responsible to a diverse group of board of directors
- Must prove to the IRS that it is not a private foundation
- Direct activities

- **Examples:**

- Red Cross
- American Cancer Society (supports ~750 active grants)

Foundation Types

- **Corporate Foundations**

- Johnson & Johnson Foundation
- PNC Bank Foundation
- Apple Foundation
- Google.Org

- **Independent Foundations**

- Bill and Melinda Gates Foundation
- The Duke Endowment
- Walton Family Foundation

- **Community Foundations**

- Baltimore Community Foundation
- Abell Foundation

BILL &
MELINDA
GATES
foundation

Maryland Community Foundations Association



Maryland is home to 14 community foundations, each serving a region of Maryland in unique ways. Together, as the Maryland Community Foundation Association (MCFA), they speak with one voice in *promoting philanthropy* to benefit towns, cities and rural areas across the state.

Community foundations *build and strengthen philanthropy*—and thus, communities—by making it simple and cost-efficient for individuals, families and businesses to establish philanthropic funds, learn about and *invest in the needs of their communities*. Community foundations are permanent sources of philanthropic dollars; they specialize in building *civic endowments* to serve their regions' changing



Foundation Grants to HBCUs

Source:

Philanthropy and HBCUs

Foundation Funding to Historically Black Colleges and Universities

Philanthropy and HBCUs

Foundation funding to historically
Black colleges and universities



Figure 2. Historical funding from big philanthropy to HBCUs: Grant dollars awarded

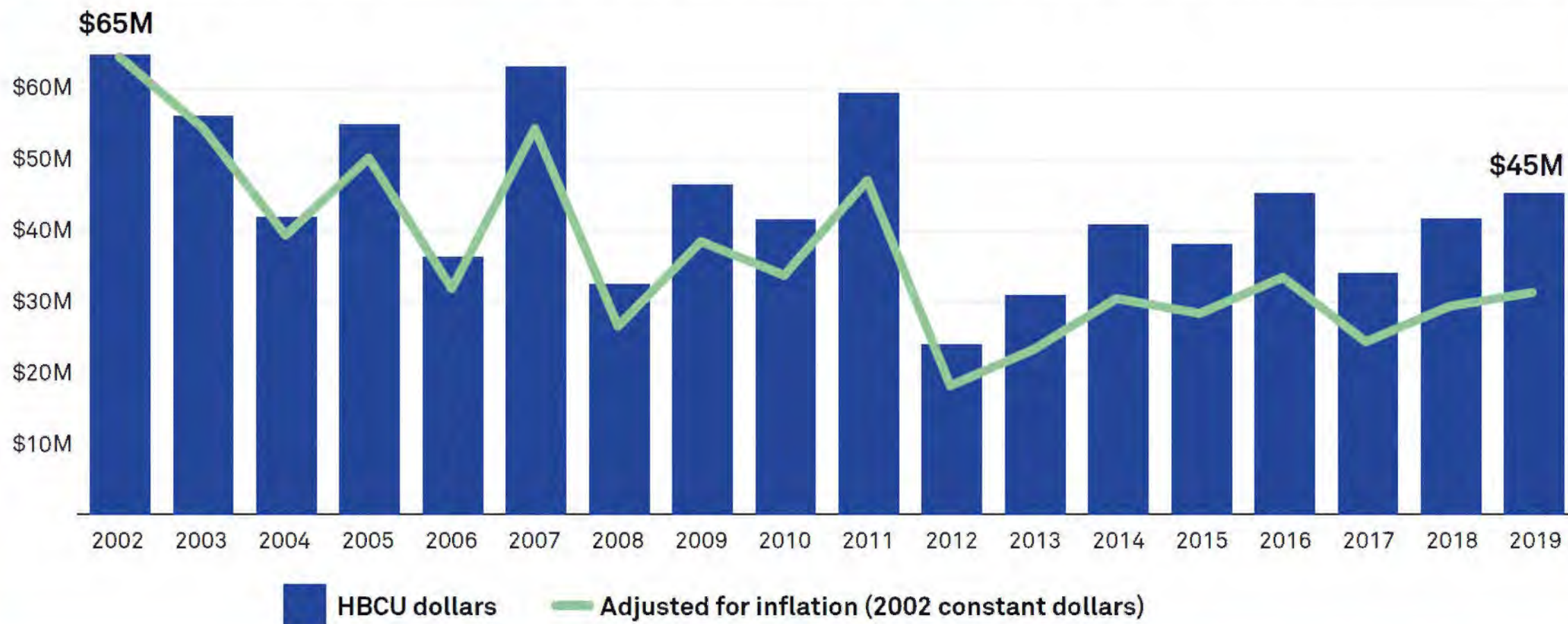


Figure 3. Recent funding to HBCUs with additional foundations in 2015-2019

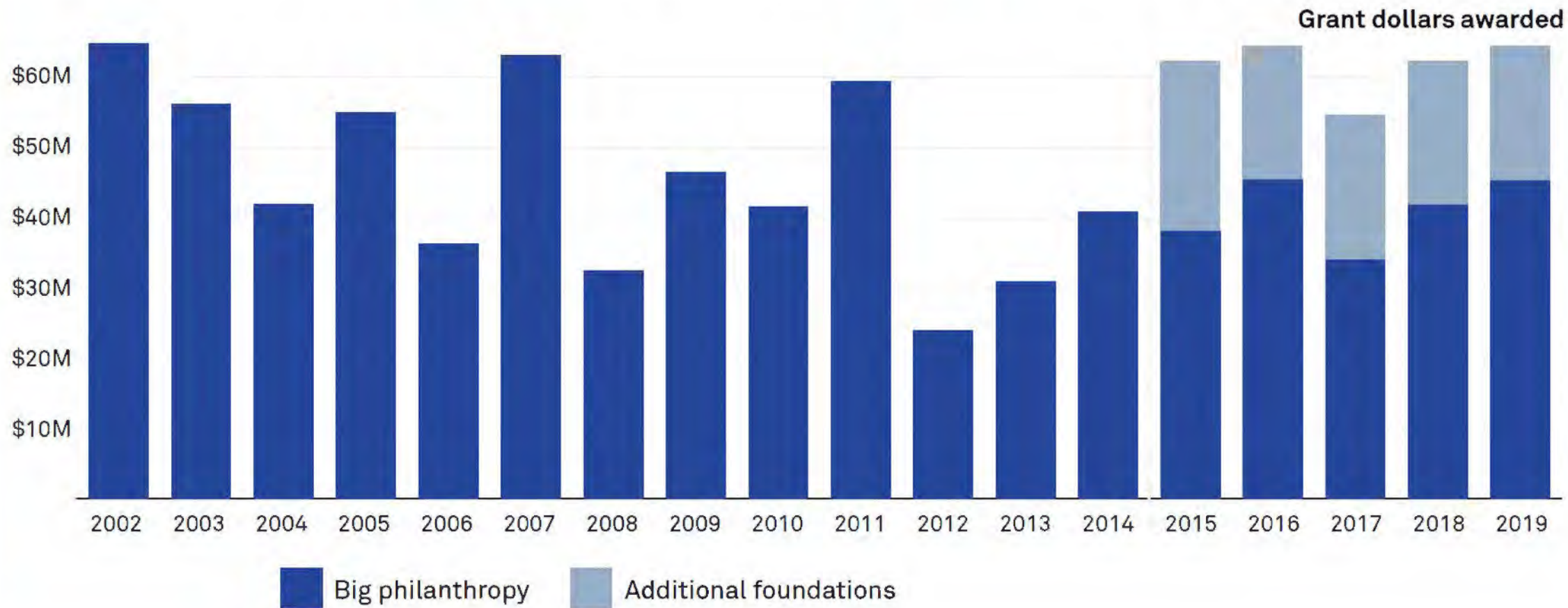


Figure 4. Total grant dollars awarded by foundation type, 2015-2019

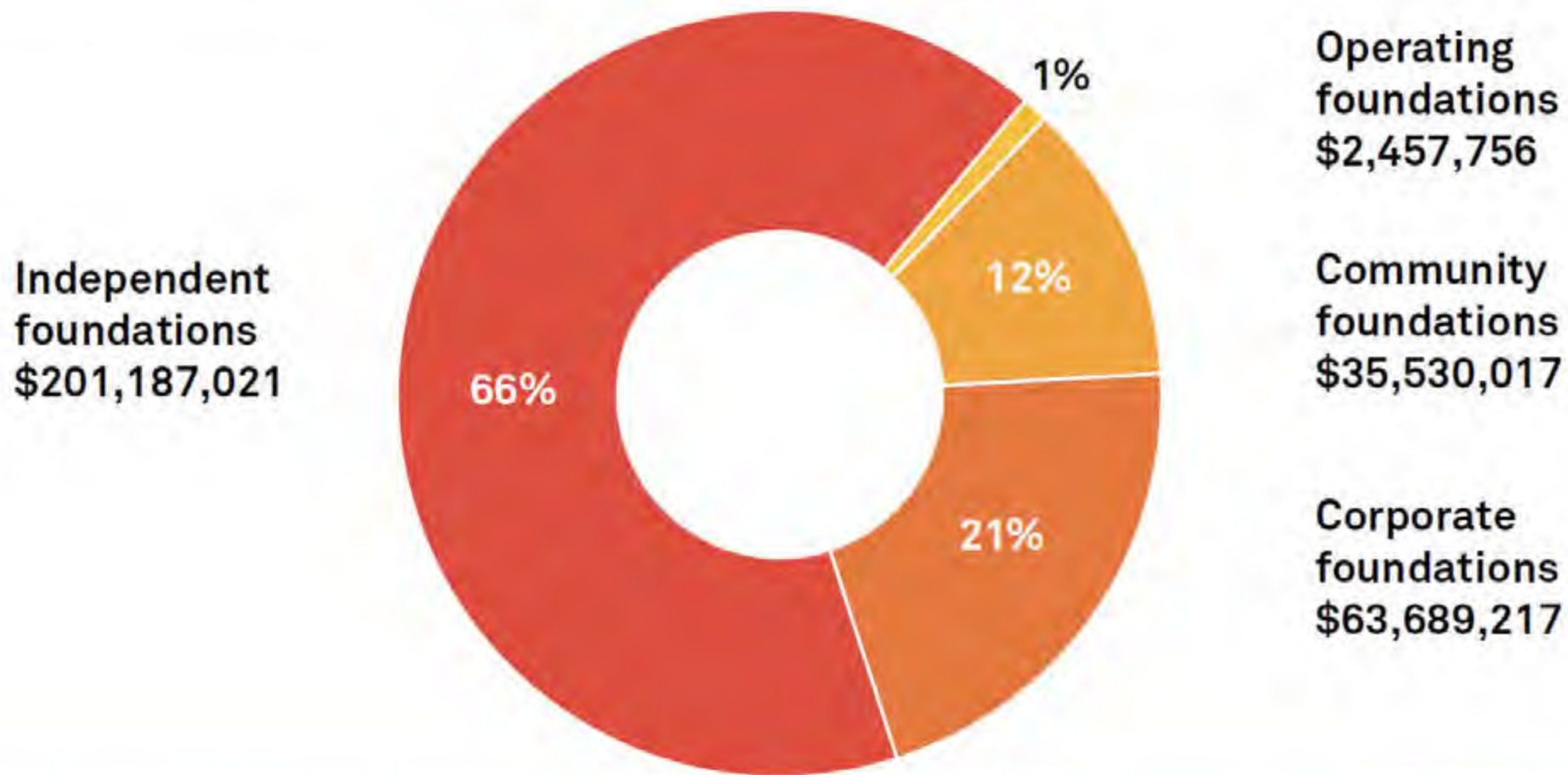


Table 2. Top 10 HBCU foundation funders, 2015–2019

Foundation	State	Type	Grant dollars	No. of grants	No. of HBCUs supported
1 The Duke Endowment	NC	IN	\$32,509,000	28	1
2 The Andrew W. Mellon Foundation	NY	IN	17,342,000	37	18
3 The Coca-Cola Foundation	GA	CS	16,751,591	46	7
4 Verizon Foundation	NJ	CS	13,107,259	424	51
5 Lilly Endowment	IN	IN	13,002,467	30	14
6 The Wallace Foundation	NY	IN	10,557,702	6	2
7 Bill & Melinda Gates Foundation	WA	IN	9,948,952	14	7
8 W.K. Kellogg Foundation	MI	IN	8,357,273	20	13
9 Silicon Valley Community Foundation	CA	CM	4,726,506	58	15
10 The Chicago Community Trust	IL	CM	3,756,337	25	9

Table 4. Top 10 HBCU recipients of foundation grant dollars, 2015–2019

HBCU	State	Public/private	Grant dollars	No. of grants	No. of funders
1 Johnson C. Smith University	NC	Private	\$39,525,616	196	50
2 Spelman College	GA	Private	23,664,483	513	170
3 Morehouse College	GA	Private	21,101,158	419	150
4 Morehouse School of Medicine	GA	Private	17,161,576	122	61
5 Howard University	DC	Private	12,403,339	694	252
6 Morgan State University	MD	Public	10,544,378	198	88
7 North Carolina A & T State University	NC	Public	10,014,666	471	151
8 Clark Atlanta University	GA	Private	8,101,145	296	92
9 Texas Southern University	TX	Public	7,376,424	115	52
10 Xavier University of Louisiana	LA	Private	7,089,001	212	90

Figure 12. Top 25 HBCU recipients of foundation grant dollars, 2015–2019



Philanthropic Funds for Universities (2015 – 2019)

- **Ivy League Schools**
 - \$5,500 million
 - \$1,100 million per year
 - \$110 million per year per Ivy League school
- **HBCUs**
 - \$300 million
 - \$60 million per year
 - \$0.6 million per year per HBCU
- **Average Ivy League received 180 times more than the average HBCU.**
- **There is a lot of potential to increase philanthropic funds for HBCUs.**

Figure 5. Average foundation grant dollars per institution: HBCUs vs. Ivy League schools

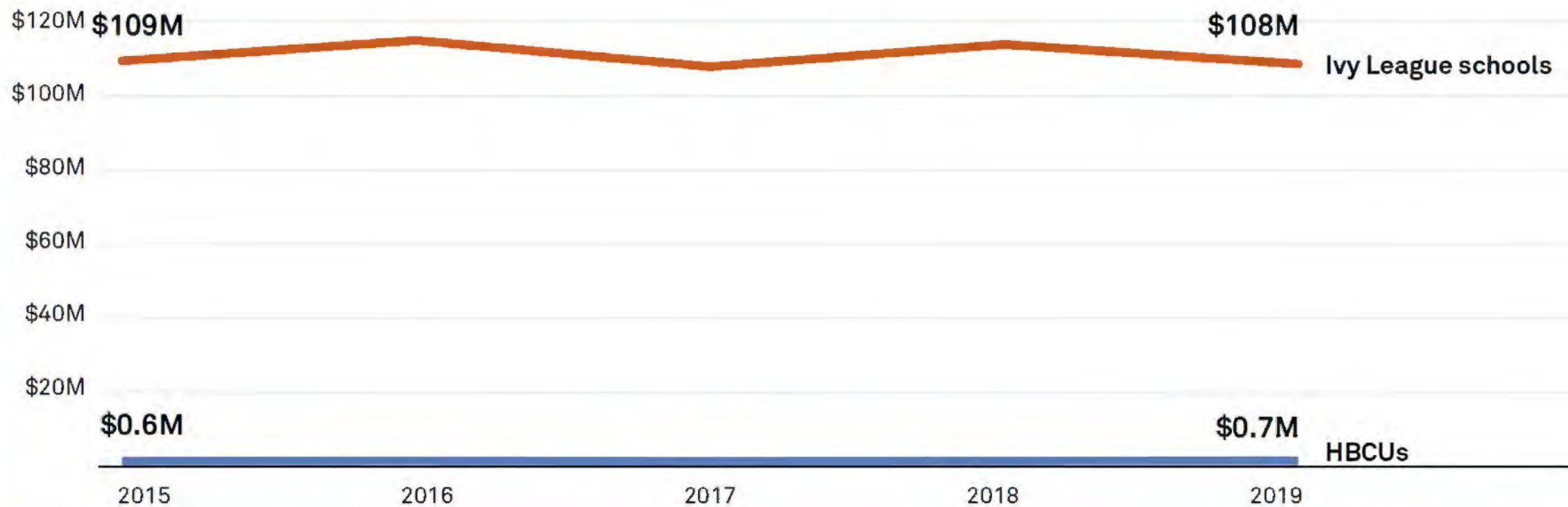


Figure 6. Average foundation grant dollars per institution: HBCUs vs. composite comparisons

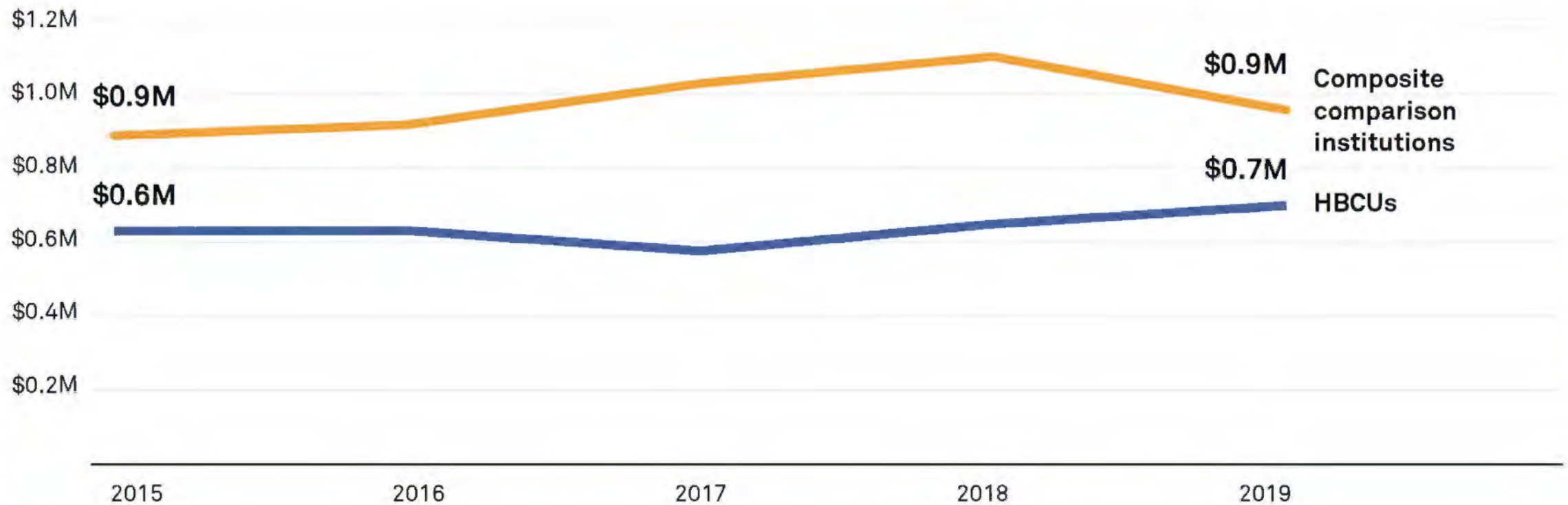
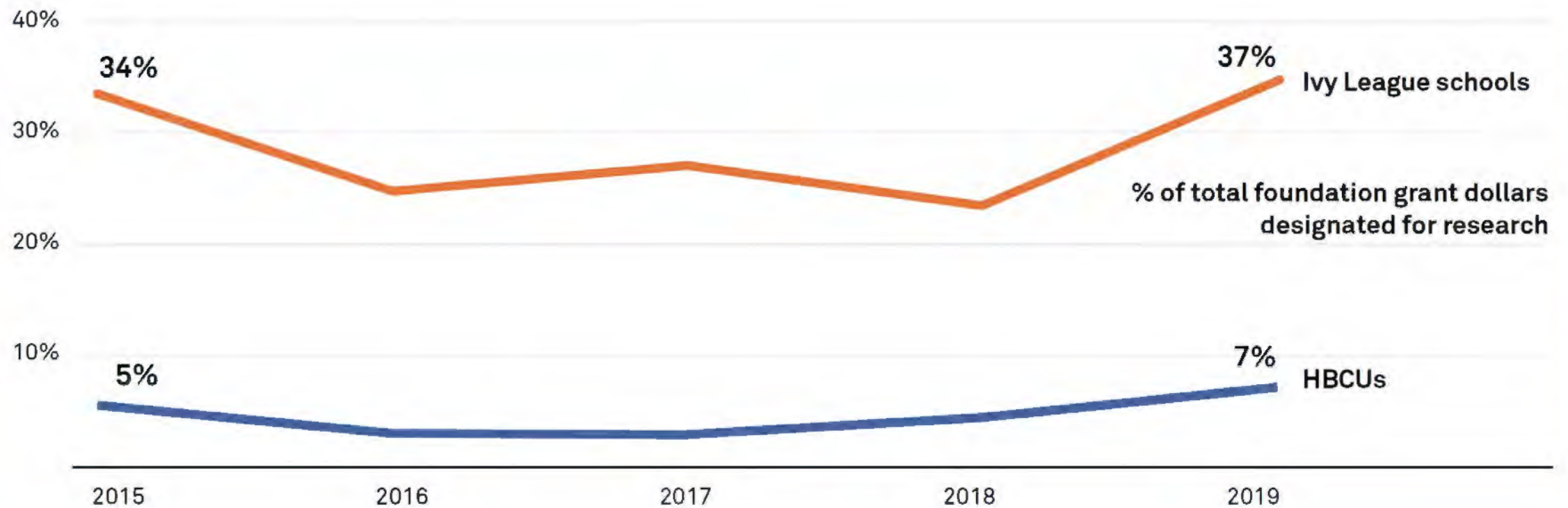


Figure 9. HBCUs vs. Ivy League institutions: Research



More Recent Years

- **In the more recent years (especially after 2020), HBCU funding via individuals, independent foundations, and corporate foundations has substantially increased.**
- **Many of the awards focus on enhancing the diversity of workforce and reducing educational, economic, and health disparities.**
- **Some examples will be presented in the following slides.**

MSU Funding via Foundations

MSU Awards Since July 1, 2020

- **29 Awards from 20+ Foundations**
 - 17 prime
 - 12 subaward
- **Total dollar amount: \$4.4 million**
 - 2% of all of our awards
- **Individual award amounts**
 - Mean = \$150,000
 - Median = \$25,000
 - Ranging: \$1,200 to 1 Million+

Examples

- **American Heart Association**
- **Bezos Earth Fund**
- **Blackstone Charitable Foundation**
- **Mellon Foundation**
- **Sloan Foundation**
- **PNC Foundation**
- **The Chan Zuckerberg Institute**
- **Wallace Foundation**



**American
Heart
Association®**

Special Budget Notes

Budget Notes

- **Read the solicitation very well, and speak with the program officer.**
- **Determine what is allowable.**
- **The budget is typically quite small. For Morgan awards:**
 - Mean = \$150,000
 - Median = \$25,000
- **F&A rates are typically low.**

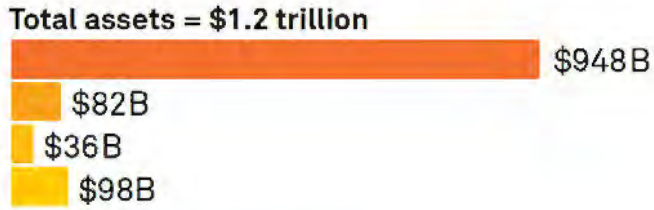
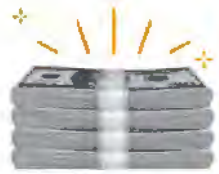
F&A Rates

- **We often accept low F&A rates for foundation awards.**
- **Low F&A**
 - 26 (of 29) awards had an F&A < 16%
 - 15 were 0%, 11 more <= 16%
 - Total F&A = \$268,000
 - Mean F&A = 6%
- **Ask for administrative personnel, if allowable and the award is large.**

Identifying Opportunities and Cultivating Relationships



Availability of Funds (2020 Numbers)

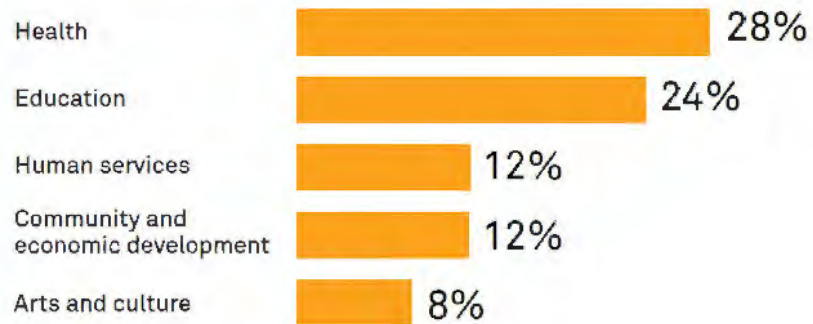


Source: Candid

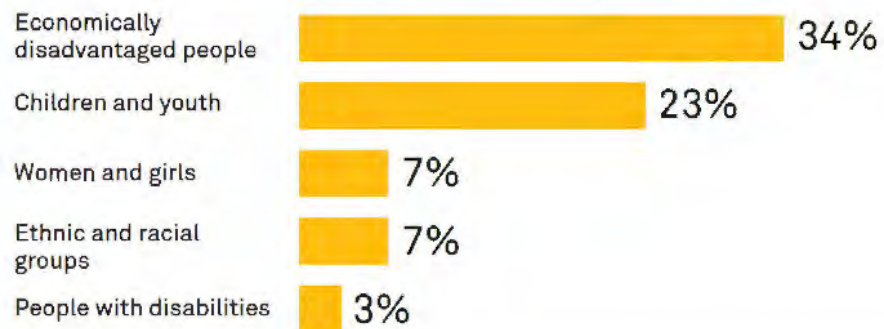
- There were approximately 120,000 foundations in the United States.
- Total Assets > \$1200 billion (1.2 trillion)
- Total Giving = \$82 billion
- There are many foundations, with much money. Each person needs to find the right one.

What do foundations fund most?

Top 5 subject areas by dollar amount



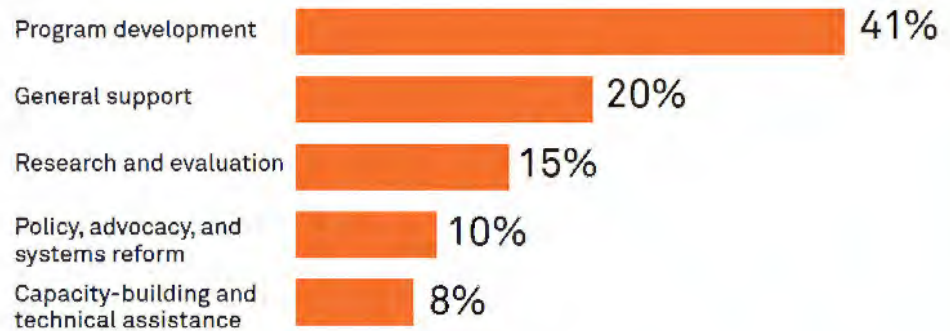
Top 5 populations served by dollar amount



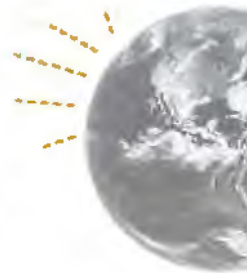
Source (for all figures on this page): 2017. Subject, population, and support strategy categories are based on the [Philanthropy Classification System](#). The full value of each grant is counted toward each applicable category.

In order to analyze grantmaking priorities by U.S. funders, Candid examines all grants of \$10,000 or more awarded by 1,000 of the largest U.S.-based private and community foundations. These funders account for about half of all grantmaking dollars awarded by private and community foundations.

Top 5 support strategies by dollar amount



Over 26% of grant dollars from U.S. funders were awarded for international purposes



The median grant amount was \$35,000



1% of recipient organizations captured half of grant dollars



Stanford University received the highest number of grants. Seven of the top 10 grant recipients were elite universities.



About Candid data: candid.org/about-our-data

For more information contact: researchteam@candid.org



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doi.org/dnw9

Source:
Candid

Identify the Right Foundation and Cultivate a Relationship

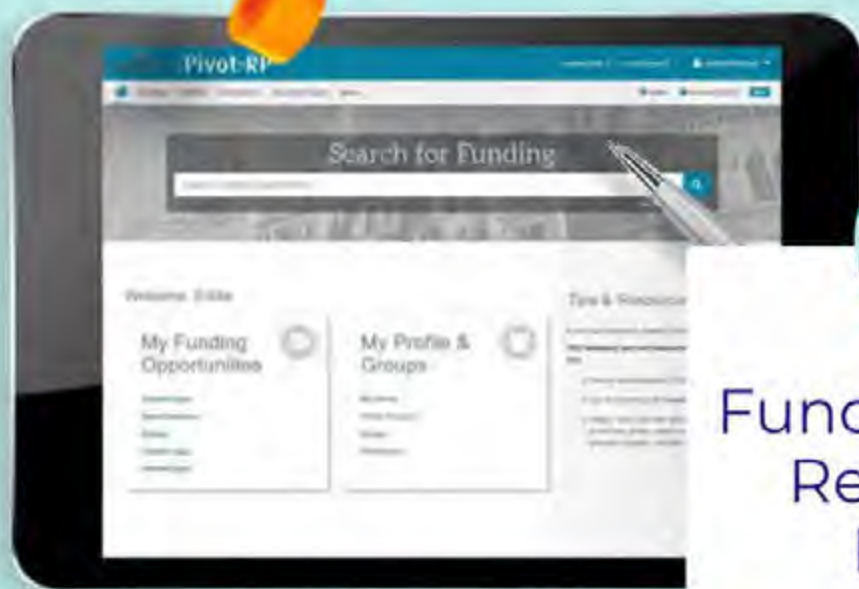
- **Identify the Right Source**
 - Use software (PIVOT-RP, Candid, Others)
 - Learn about the mission of the foundation
 - Review their 990, or talk to someone, for average size of funds
- **Identify the gatekeepers in the foundation and learn about their interests, both professional and personal**
- **Treat the funder as friends, not as ATM machines**
 - Relationships should not be transactional
- **Communicate your appreciation**



Pivot-RP

Accelerate Your Research Funding

▶ WATCH VIDEO



Funding Trends Report: Big Players

About the Robert Wood Johnson Foundation

Our mission is to improve the health and wellbeing of everyone in America. This mission is inspired by our founder, General Robert Wood Johnson II. Carrying forward his legacy, we are dedicated to working toward a healthier nation rooted in equity, compassion, and respect.

Examples of Foundation Missions

- **Robert Wood Johnson Foundation**
 - To improve the health and well-being of everyone in America
- **David and Lucille Packard Foundation**
 - To improve the lives of children, families, and local communities, as well as restoring and protecting our planet
- **W.K. Kellogg Foundation**
 - To create conditions for vulnerable children so they can realize their full potential in school, work and life.
- **Ford Foundation**
 - To reduce poverty and injustice, strengthen democratic values, promote international cooperation, and advance human achievement.

Treat this as ...

- “...the beginning of a beautiful friendship ...”





Useful Links to Read More

- [Building Relationships with Grant Funders](#)
- [How to Cultivate Foundations of Every Type \(from Corporate to Family\)](#)

Summary

Summary (1)

- **There are thousands of foundations in the United States, and they distribute over \$80 billion per year. Much of these funds are for underprivileged populations.**
- **HBCUs, including Morgan, have historically received relatively little from foundations. Except for the past two years, this amount has been typically \$0.6 million per year per institution, of which only a small part has been for research and sponsored programs.**
- **Morgan has fared better than the average HBCU, but there is substantial room to grow.**

Summary (2)

- **Over the past three years, Morgan has received 29 awards from 20+ foundations, totaling \$4.4 million.**
- **The following steps will help in increasing this amount substantially:**
 - Learning about the mission of these foundations
 - Setting up a search
 - Making meaningful connections with the program officers
 - Making a case that Morgan is an ideal environment to receive these funds
 - Maintaining a good relation
- **Morgan does accept low F&A rates when working with foundations.**



Thank you!