

Giving in Vermont

2010

Charitable giving shapes Vermont

Philanthropy plays a unique and essential role in Vermont and is at the center of our work here at the Vermont Community Foundation. It can be difficult for many people to think of themselves as philanthropists, but giving begins with the individual who cares enough to act. This report presents data on the levels and value of charitable giving in our state, as well as the challenges and opportunities for growing the gifts that nurture our communities and our lives.

In Vermont, charitable contributions support nonprofit services that residents rely on, like transportation for the elderly, food for underprivileged children, and educational opportunities for all. Many of Vermont's signature experiences owe at least part of their existence to philanthropy. For example, gifts to land trusts help conserve forests and family farms vital to the state's identity and economy. Contributions to arts and culture groups enliven our towns and preserve Vermont's heritage.

At the same time, the needs of our rural state far outpace the charitable resources available in Vermont today. Rural communities like Vermont often have fewer financial resources to draw on than do urban ones: public dollars are limited; national foundations tend to focus on metropolitan areas, in-state foundation assets are modest; and individual gifts—which make up the vast majority of all charitable activity—tend to be smaller.

In spite of these challenges, Vermonters have a proven history of helping each other and caring about their communities. The potential for giving is unlimited. Our hope is that the information on the pages that follow provides a starting point for broader dialogue about how we can do more.

the FACTS

Giving in rural areas faces unique challenges

- Rural giving is challenged by smaller tax bases, the presence of few major corporations, and local donor bases that have less discretionary income than their urban counterparts.
- Foundations often evaluate their grants by the population reached, making rural communities less appealing. People in rural areas access nonprofit services and programs frequently, providing a value often overlooked by many foundations.
- In rural states like Vermont, average family incomes tend to be lower than those in urban ones; Vermont's cost of living consistently exceeds the national median, and its population tends to be more elderly.

CHARITABLE GIFTS STRENGTHEN VERMONT



Gifts to an organization like the **NorthWoods Stewardship Center** (East Charleston, Vermont) not only support conservation, land management, education, and workforce development programs, they also help to shape Vermont's identity.

photo credit: John Miller

The Ripple Effect of Giving

Each gift—whether it is of time, money, or other resources—has a multiplier effect, touching lives in a small community and then rippling outward.

With their financial support of the nonprofit sector, donors provide a powerful boost to the economy and a positive influence on many aspects of community development. Philanthropic gifts not only provide direct benefits for the causes to which they are given, but are also linked to the generation of jobs, income, and tax revenue in the communities where this money is invested.

Gifts of time have an equally far-reaching effect, and Vermonters are among the most generous givers of time in the nation. Volunteers help nonprofits achieve their missions, and provide valuable services that these groups depend upon but might otherwise not be able to afford. Often, volunteering leads to a deeper appreciation for an organization's work, which makes monetary gifts more likely and more meaningful.

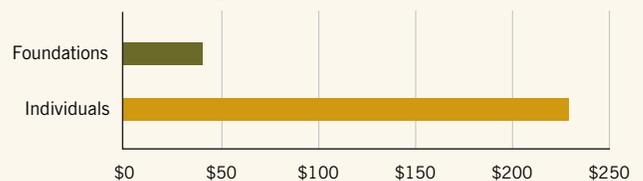
When Vermonters provide their ideas and enthusiasm, it makes a difference. Vermont's modest size makes it easier for new solutions to take root and spread regionally and beyond. The national recognition the state has received for its efforts around affordable housing, early childhood development, child hunger, local food systems, and renewable energy production is powerful evidence of this.

INDIVIDUALS DO MORE GOOD



Nationally and in Vermont, individuals make up the vast majority of all monetary giving. Vermonters also provide an impressive volunteer force. At **Middlebury Transitional Care Coalition** (above), more than 600 volunteers donate over 20,000 hours of service per year to help families and individuals through this transitional care program.

Total Giving, U.S. (billions), 2008



the FACTS

Giving provides a powerful economic stimulus

- National research into the value of grantmaking shows that every \$1 contributed to a nonprofit organization generates an average of \$8.58 in total economic return.
- Across the country, \$43 billion in grants by private and community foundations is estimated to have indirectly generated \$512 billion in household income and created 9.2 million jobs in 2007.

Volunteers play a big role in supporting Vermont communities

- Vermont ranks 9th in the United States for volunteerism, with approximately 35.6% of residents giving their time to support charitable organizations.
- Vermonters volunteer an average of 20.6 million hours of service each year, accounting for an estimated \$416.2 million in value.

Sharing ideas and expertise leads to more effective charitable efforts

- Research suggests that the success of donors' charitable efforts is often rooted in their ability to gather and share knowledge that motivates others.
- Providing advocates with compelling information opens the doors to civic engagement that can empower community members to do everything from reorganizing existing services to passing legislation that benefits the entire state.

The Opportunity for Greater Good

ROOM TO GROW VERMONT GIVING



\$88 MILLION

the amount that donations would increase annually if Vermonters gave at the national average.

In Vermont, individual giving is a powerful force for good. Individuals in Vermont gave over \$260 million to charitable causes in the 2007 tax year, and historically have made up the bulk of all giving in the state.

Nevertheless, Vermont is consistently below the national average for individual giving, even when adjusting for income. Because individual giving represents a large portion of total monetary contributions, even a small lag results in a significant decline in potential support for communities. It also presents an enormous opportunity for those who give to make a significant difference by increasing their support.

Vermont is also challenged by its relatively small pool of in-state foundation assets. This makes it difficult to provide large grants that support research and statewide initiatives, or that target root causes of issues. It also complicates efforts to provide a coordinated, statewide support system for nonprofit organizations.

There are some positive signs: individual giving in Vermont is growing at a rate slightly faster than the national average. And among its rural cohorts with few in-state foundation assets, Vermont has been growing its share faster than many.

Opportunities to make a difference in Vermont through charitable giving are abundant. Giving takes many forms, and in cases like bequests, doesn't need to cost anything today. In a rural state like Vermont, gifts of any size have tremendous potential to both preserve and transform the state's way of life.

the FACTS

Vermont lags behind national average for individual giving

- In 2007, Vermont's average charitable contribution per itemized return was 25% less than the national average (\$3,445 vs. \$4,623).
- Even after adjusting for income, Vermont's average contribution places it in the bottom ten states in the nation.

Vermont is underrepresented in foundation assets

- In the United States, a "philanthropic divide" exists between those states with the most resources and those with the least. In a ranking of states based on foundation assets within each state and per capita grantmaking by in-state foundations, Vermont places 48th.
- The top ten states held \$368 billion (nearly 67%) of the nation's total charitable assets, while the bottom ten states held \$7.66 billion (1.4%). Like Vermont, nearly every state with the least resources is rural.
- The "divide" held true even when population was taken into account. While the national average of per capita grant making was \$117, Vermont's grantmaking was \$35.

5 Ways to Give

THE POWER AND POTENTIAL OF BEQUESTS



Bruce and Mei Mei Brown are among the Vermonters whose charitable bequests will leave a legacy in their community to support the causes they care about, including animal welfare.

As the Baby Boom generation grows older the wealth they have accumulated will, by both necessity and choice, change hands. Nationally, researchers estimate that \$41 trillion will change hands in the 55 years between 1998 and 2052. In Vermont, this transfer is accelerated because of the high proportion of elderly residents. By designating as little as five percent of an Individual Retirement Account, insurance policy, or estate, donors can have a tremendous effect. In Vermont, the transfer of wealth is estimated to have the potential to build endowments of more than \$465 million by 2015 if just a portion of that is given to endowed funds at charities and foundations.

Leave a bequest

Among the most powerful strategies for giving is one that does not have to cost anything now. Residents who provide for charitable gifts through their wills, trusts, IRAs, and insurance policies are already playing an important role in the revitalization of rural communities in other parts of the country.

Give directly to charitable organizations

In Vermont, a big benefit of giving lies in being able to see an organization's effect on close-knit communities firsthand. Consider a "match" or "challenge" gift—it will likely attract additional gifts. Also consider making the gift without restrictions, allowing the organization maximum flexibility in its use.

Volunteer time and non-cash gifts

In addition to lending a distinctly personal touch to their giving, those who volunteer make significant economic contributions through their service. Non-cash gifts can include everything from real estate to cans of food to extra produce from the garden.

Give to a charitable fund at a community foundation

By aggregating the generosity of many, community foundations offer a reservoir of charitable capital that is available to the community in perpetuity. During the economic crisis of late 2008/early 2009, the individuals with charitable funds at the Vermont Community Foundation increased their grantmaking by 17% compared to the same period the previous year.

Share ideas and enthusiasm

Seek to understand and share knowledge about the causes behind community issues; gather friends and start a funder's club; share enthusiasm for the causes and organizations whose work is model or innovative; be public about contributions and signal others to join in.

Interested in knowing more about how you can make a difference?

The Vermont Community Foundation can help you **learn** about community needs, **lead** through targeted investments in promising and proven approaches, and **grow** philanthropy across the state. Please contact us at 802-388-3355 or info@vermontcf.org.



Confirmed in compliance with National Standards for U.S. Community Foundations

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