THE GENEROSITY GAP:

DONATING LESS IN POST-RECESSION LOS ANGELES COUNTY

UCLA Luskin School of Public Affairs

California COMMUNITY Foundation

FOREWORD

Cracks have appeared in one of Los Angeles County's most vital support systems. Our philanthropic infrastructure – the nonprofit organizations on the front lines of serving Los Angeles' most vulnerable people – is carrying a greater load than it was ever intended to support. The "Great Recession" of 2008 hit Los Angeles hard, and for many Angelenos and the organizations that serve them, that recession never really ended.

More than 46,000 people are without shelter in Los Angeles County, and housing insecurity is at an all-time high. Thousands who dreamed of creating a better life here live in the shadows out of fear of deportation, prevented by their legal status from realizing greater economic opportunities that would dramatically change their lives. Access to high quality, equitable education eludes too many of our children, setting back the promise of future generations. Despite our land of abundance, too many Angelenos are hungry. Like a bridge that buckles under weight difficult to bear, the critical infrastructure that nonprofit organizations form is in danger.

Angelenos gave more than $6 billion in charitable contributions in 2013. That giving is what keeps this vital structure standing strong, the generosity of individuals and families who understand how a gift that lifts one's neighbor can eventually lift us all. Like the rest of the American economy, giving experienced a sharp drop during the recession. But as the housing market has recovered and the stock market has reached record heights, charitable giving in Los Angeles has continued to decline, falling by more than $1 billion since 2006. Much of what giving remains has served to widen the gap between "rich and poor" nonprofits, going to large, high-endowment organizations, or has been "exported" to causes and organizations outside of Los Angeles.

Coinciding with the drop in individual gifts was a catastrophic drop in "mega-gifts," large gifts that can have a transformational effect on an organization's impact, mission and future. According to the Indiana University Lilly Family School of Philanthropy's "Million Dollar List," which tracks publicly announced contributions of $1 million or more, the number of mega-gifts to Los Angeles organizations shrunk to near-disappearance between 2006 and 2013.[1]

UCLA and the California Community Foundation's (CCF) study, *The Generosity Gap: Donating Less in Post-Recession Los Angeles County*, is the first of its kind, combining detailed analysis of IRS data and surveys of Los Angeles donors to reveal the extent of this gap in generosity, its effect on Los Angeles County's nonprofit sector and the motivations and demographic trends that drive Angelenos' giving. The philanthropic landscape the study sketches out is stark and faces systemic, ongoing threats to our ability to provide help, healing and opportunity to the residents of Los Angeles County.

At the same time, the study reveals potential bright spots. While the last decade has seen billions in charitable gifts leaving the county, this research shows that most donors do give to at least one cause or organization focused on Los Angeles. Donors overwhelmingly expressed a belief that their giving can make an impact. The challenge facing L.A. nonprofits is how to convince donors to bring their passion back home and create change on a local level.

Clearly, there's a deep and widening gulf between the incredible needs of our community and the actions of donors. While donors identified homelessness as their highest Los Angeles priority, most of their actual giving to basic needs organizations went outside the county. What stands in the way of donors directing their passion for giving back to Los Angeles, even if their gifts have shrunk in size?

A lack of knowledge and tools on how best and where to give may be a key factor. According to a poll commissioned by the University of Southern California Dornsife College of Letters, Arts and Sciences, the *Los Angeles Times* and the California Community Foundation, 80% of Los Angeles County residents are willing to increase their community involvement, but 40% say they don't know what they can do to help or if it will make a difference.[2]

As a community foundation, we see every day how drastically need has risen in Los Angeles and how our nonprofits strain under the ever-increasing weight of their responsibilities. And we see how donors who want to make an impact struggle with where their dollars will do the most good.

But we also see the tremendous commitments donors and nonprofits are making on the issues they care about, from education to homelessness to immigration. We see the county's limitless compassion through organizations like L.A. Works, which has mobilized and led volunteers to contribute more than a million hours to vital organizations in Los Angeles. And we see the incredible dedication and imagination of the county's nonprofit organizations, even as they strain to serve more people with fewer resources.

It wouldn't take huge efforts to transform the future of our county. If Angelenos gave 2.5% of their annual income – with the extra 0.5% going to Los Angeles – Los Angeles County nonprofits could see an additional $1.5 billion in revenue. But to do so means coming together as a community and connecting the passion we share with the world to include Los Angeles.

The state of giving in Los Angeles seen in *The Generosity Gap* is sobering. But while the issues around it are complex, the overall solution appears to be simple. We must make the case to give more and give to Los Angeles. How do we link our shared collective passion for Los Angeles with our disconnected compassion for our fellow Angelenos? More than anything else, this study creates an opportunity for conversation on how we can best address the needs of Los Angeles County. How can nonprofits work together to educate donors on the needs and issues in Los Angeles versus individually telling their stories? How can we help donors to give more and engage with Los Angeles organizations? What are the systemic weaknesses in the Los Angeles nonprofit sector, and how can we strengthen it to be more sustainable? Most importantly, how do we deepen the understanding of Angelenos that the destinies of our most vulnerable neighbors are connected to the prosperity and opportunity of all Los Angeles County residents?

Los Angeles County's philanthropic infrastructure grows increasingly old and overloaded. This process is directly connected to the overall economic and civic well-being of our county, bigger problems that affect Los Angeles residents' ability to give. To change will take new ideas and new approaches that tap into the passion and commitment of Angelenos. As a community foundation, we deal with these issues firsthand. Through our own experience and what we have learned from our nonprofit partners and peers, we have already identified and embarked upon four approaches to closing the generosity gap.

1. **Use cross-sector partnerships to tell Los Angeles' story and draw outside funding:** Funders often see Los Angeles as a complex and confusing

place to invest. As a result, we receive fewer outside grant dollars per-capita than other major metro areas. CCF has joined forces with other philanthropic institutions to support LA n Sync, which since 2013 has brought together the academic, government, nonprofit, business and philanthropic sectors to tell Los Angeles County's story and embark on a coordinated and collaborative attempt to "market" the needs and potential of Los Angeles. In its first three years, LA n Sync has brought nearly $200 million in state and national funding to the county.

2. **Strengthen and streamline nonprofit organizations:** The decline in giving has been exacerbated by the growth in the number of nonprofits in Los Angeles County. Duplication of services leads to inefficiency, and, coupled with the increased competition for shrinking resources, creates an environment in which the causes themselves suffer. The Nonprofit Sustainability Initiative, launched by CCF, the Weingart Foundation and the Ralph M. Parsons Foundation, has worked to create healthier and stronger nonprofits by facilitating partnerships between more than 65 organizations, giving more than $1 million to assess capacity, support restructuring, integrate programs and share lessons across the sector.

3. **Build connections between Los Angeles donors and local nonprofits:** When donors do want to give to Los Angeles, they can be discouraged and intimidated when trying to navigate the county's 35,000 nonprofits. This difficulty can draw attention and dollars away from Los Angeles to national organizations with greater brand recognition. To address this, CCF is designing an online resource to connect Los Angeles donors with effective local nonprofits working on the issues they care about most, so they can give their time, their money and their passion to build a better Los Angeles.

4. **Help organizations tap into Los Angeles' historic wealth transfer through planned giving:** Los Angeles is in the midst of one of the nation's largest transfers of wealth. A 2011 study sponsored by the Center for Rural Entrepreneurship found that nearly $1.4 trillion will be transferred between generations in Los Angeles County between 2010 and 2060.[3] Since the report was released, CCF has experienced this transfer firsthand, bringing in more than $750 million in contributions, most of which were planned gifts. Planned giving offers a tremendous opportunity for donors and nonprofits to take part in this transfer and partner to make a permanent impact on the future of Los Angeles. These gifts, whether made through an estate or created during a liquidity event during the donor's lifetime, allow people to make truly transformative gifts while encouraging nonprofits to plan for the future and engage in long-term stewardship of their donors.

Los Angeles County's decline in giving, while urgent, is also solvable. We have the talent, the resources and, most importantly, the generosity of spirit to rebuild a strong philanthropic infrastructure that can make a lasting difference in the evolving needs of our county. And by working together, we can help every Los Angeles resident feel more connected, to close the generosity gap between neighbors and communities to build a stronger and more resilient Los Angeles County.

Antonia Hernández

Antonia Hernandez

President & CEO
The California Community Foundation

INTRODUCTION

The Generosity Gap: Donating Less in Post-Recession Los Angeles County is drawn from a two-year research project undertaken by the UCLA Center for Civil Society at the UCLA Luskin School of Public Affairs to explore individual giving in Los Angeles County.

This report presents evidence that historical patterns of local generosity are changing, and not for the better. There is a growing gap between what those who have and are willing and able to donate and what the region needs the charitable sector to deliver. In many communities and areas of Los Angeles, though not all, it appears that generosity is beginning to ebb as needs are surging, particularly for families in poverty, youth, the elderly, and homeless persons. More nonprofit organizations are competing for less money.

The first installment of this report, published in 2014 as *The State of Donations: Individual Charitable Giving in Los Angeles*, with the support of the Annenberg Foundation, mapped the geography of giving in Los Angeles neighborhoods, rates of overall giving among various groups, and flows of major donations.

As reported in *The State of Donations*, we found that giving in Los Angeles still lagged behind the region's recovery from the recession. Generosity in Los Angeles County appeared very uneven, with the highest rates of giving among the wealthiest and poorest neighborhoods, while immigrant groups increase their charitable giving the longer they live here. We also documented a recent overall decline in giving, both in terms of share of income and major gifts. What we did not yet know was whether the revenue growth would continue to track the recovery, or whether household giving would return to its pre-recession levels.

For the follow-up to *The State of Donations*, we proposed to build on the first report with a survey of Los Angeles County residents to determine patterns of giving, motivations, and priorities of donors. In addition to the UCLA Luskin team — economist and demographer Paul Ong, and researchers Silvia González and Mindy Chen — we enlisted Shawn Landres, under whose direction Jumpstart Labs had recently completed a national study of religion and household charitable giving, and Shakari Byerly, co-founder of the policy research firm Evitarus. We received generous support from the California Community Foundation, which in its centennial year, is putting a spotlight on philanthropy and the challenges facing the region. We designed and administered a donor survey, including a first-of-its-kind inquiry on the proportion of household charitable giving, by purpose, that donors allocate toward locally focused causes.

The Generosity Gap, written by Shawn Landres and Shakari Byerly, presents a summary of findings from the forthcoming second installment of *The State of Donations*, which, along with previous publications in the series, will be hosted by the UCLA Luskin Center for Neighborhood Knowledge. Using data from the Internal Revenue Service, Indiana University, and the National Center for Charitable Statistics, the report's first section, "The Fiscal Context," demonstrates that charitable giving in Los Angeles County remains in a tight squeeze, reflecting and contributing to the challenging nonprofit fiscal environment. The report's second section offers a snapshot of Los Angeles County-area charitable donors, including where donors say they give and how much of their giving is focused on the region.

Previous research frequently examined donations solely by purpose, from religious congregations to basic needs to health to the environment and international aid, irrespective of geographic focus. For example, gifts to a local elementary school PTA, a university in another state, and a global job skills initiative, for example, all would be treated as donations to education. However, the geographic differences among them remained hidden. This report shows how donors distinguish among organizations that do, or do not, focus their work within Los Angeles County. It also shows donors frequently give more locally, or less locally, depending on the type of cause they support.[4]

UCLA and the California Community Foundation are local institutions that seek to transform donations from a few into opportunities for many. It is our hope that a better understanding of charitable giving in the region can benefit donors and nonprofits alike as we in the Los Angeles County nonprofit and philanthropic communities work together to build better futures for all.

Bill Parent
Project Director
Lecturer in Public Policy
UCLA Luskin School of Public Affairs

KEY FINDINGS

Los Angeles County depends on a strong nonprofit sector to ensure its well-being. The 10 million residents of America's largest county by population continue to turn to nonprofits to strengthen the social safety net, to provide opportunities for education, arts and culture, to serve people of diverse backgrounds, ages, and abilities, and to mobilize communities for connection and change. Through the 1990s until the recession of 2007, the sector experienced steady growth in number of organizations, revenues, and goods and services. This growth was fueled largely by government funding in health, human services and education. However, the combination of government funding cuts at the federal and state level, plus the national recession of 2007-2009 caused a significant increase in demand for services and a simultaneous decline in revenue. In the years since the recession, most nonprofit organizations reported they were "stressed and stretched," and worked to diversify funding.[5] As a result, Los Angeles-area nonprofits have become increasingly dependent on individual donations for their vitality.

The Generosity Gap explores the current fiscal context for charitable giving and nonprofit revenue and offers a snapshot of current behaviors, patterns, and motivations for giving by Los Angeles County donors. The report presents evidence that historical patterns of local generosity may be shifting to a new, lower, norm, across all household income levels. The gap is widening between what donors are giving and what the region needs the charitable sector to deliver; whether that will change remains to be seen.

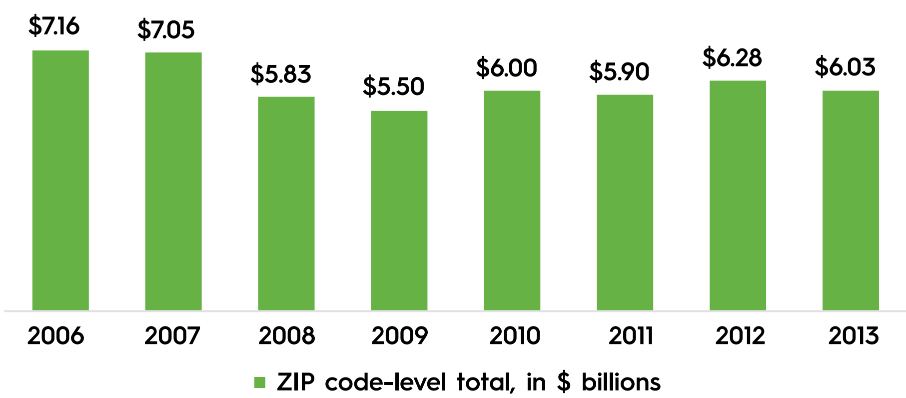
PART I — THE FISCAL CONTEXT

One: In both absolute and relative terms, Los Angeles County residents are donating less to charitable causes than they did a decade ago.

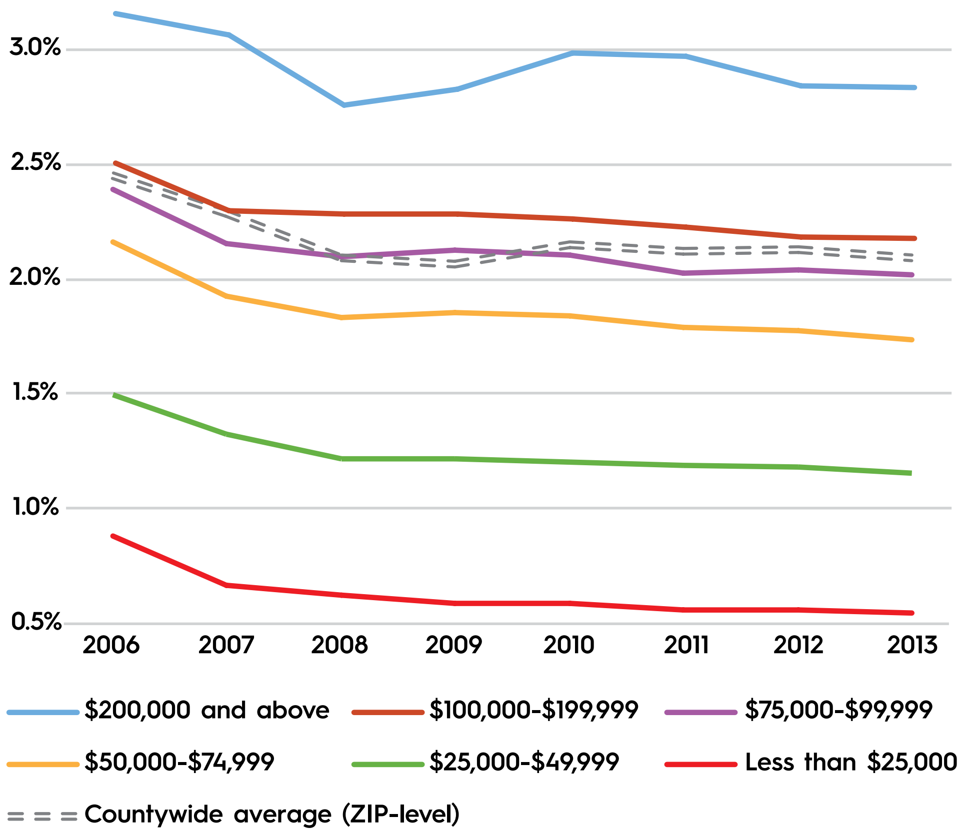
Most major gifts of $1 million or more go to organizations outside Los Angeles County—only major giving to higher education largely benefits local organizations.

Los Angeles County residents declared $7.16 billion in 2006 charitable deductions and $6.03 billion in 2013.[6] To a certain extent, this may reflect cyclical economic trends. After adjusting for inflation, the median household income for all Californians fell slightly from 2011 to 2012, and rose slightly in 2013, but remains well below pre-recession levels. However, across all household income levels, charitable contributions also have fallen as a proportion of adjusted gross income. As a share of adjusted gross income (AGI), contributions averaged 2.4% in 2006, falling to 2.0% in 2013.[7] This may reflect longer-term changes in the capacity of households to balance charitable contributions against other expenses, including housing, health, food, and fuel.[8]

Deducted Contributions in Los Angeles County, 2006-2013 (2014 dollars)



Reported charitable contributions as share of adjusted gross income, by filer income bracket, 2006-2013

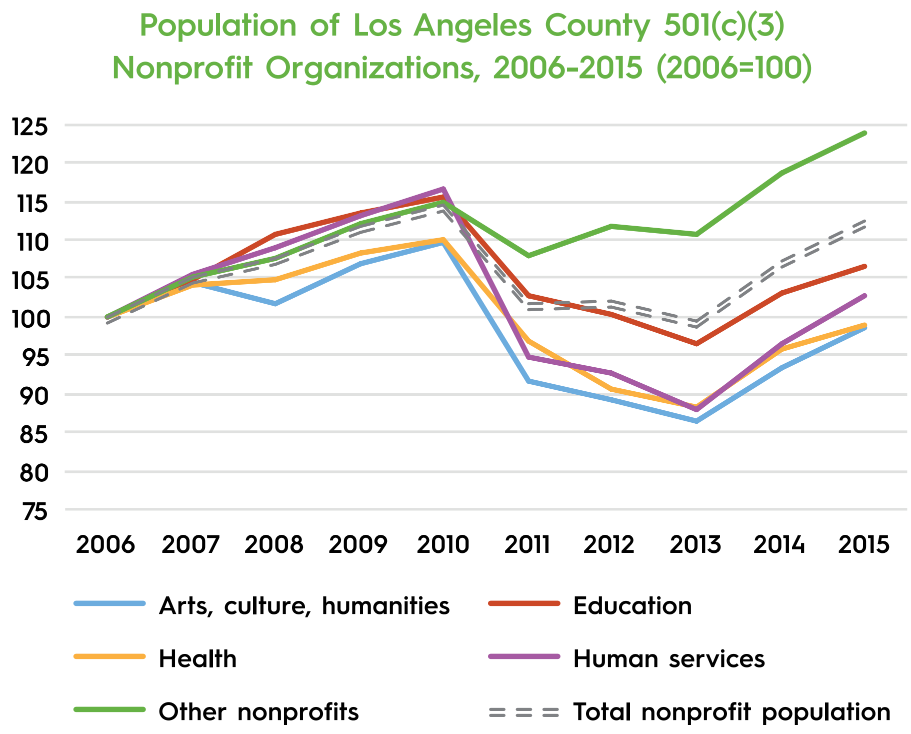


Major gifts are another indicator of contribution trends. The Indiana University Lilly School of Philanthropy Million Dollar List tracks charitable gifts of $1 million or more.[9] By this measure, the number of major gifts of this size by Los Angeles-area sources nearly doubled from 2000 to 2008 and then plummeted from 2008 to 2013. Over that 13-year period, of the roughly $18 billion donated from Los Angeles-area sources, approximately $10 billion left the County while a little more than $8 billion remained. Within those totals, only giving to higher education tended to remain within the County, with nearly $3 billion staying and a little more than $2 billion leaving.

Two: Median nonprofit revenues continue to decline dramatically in Los Angeles County even as total overall revenues to the sector are on the rise.

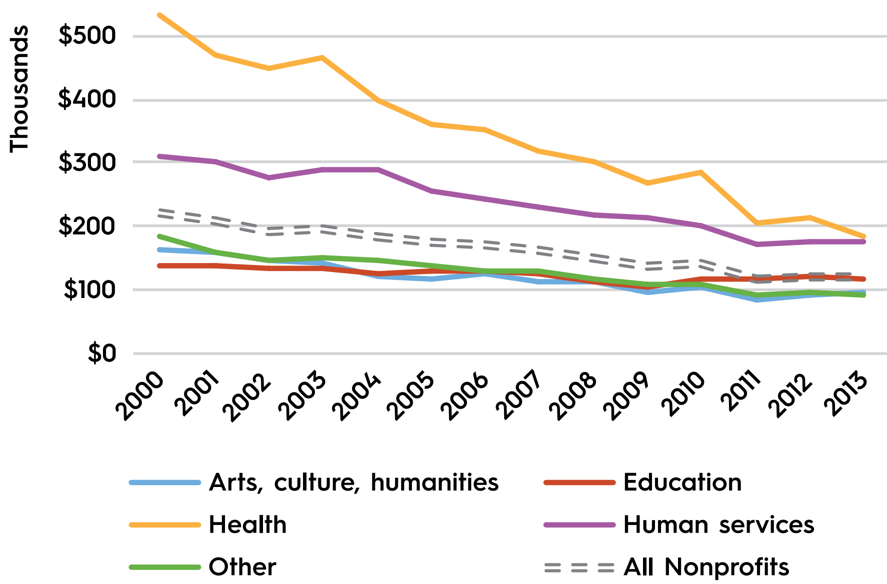
The number of human service, arts & culture, health, and education agencies remains well below their pre-recession peaks but is growing rapidly.

The number of nonprofit organizations in Los Angeles County has grown consistently and steadily since the 1970s, with small slumps corresponding to recessions and cuts in government funding. As of January 2016, there were 35,226 registered 501(c)(3) nonprofit organizations in Los Angeles County[10] – a 12% increase from 2006-2007, when household giving was at its pre-recession peak. Although the number of nonprofits actually peaked four years into the recession, in 2011, and dropped by 11% the following year, they appear to be proliferating faster than ever.



As a whole, the sector has seen a net increase in revenue, which includes government funding, fees, and charitable gifts, from $34.4 billion in 2000 to $44 billion in 2008, followed by a recessionary drop to $38.6 billion in 2009 and recovering to $45.1 billion in 2013.[11] However, the growth is not evenly distributed. Median revenues continue to fall, even as the total number of nonprofits continues to rise. Large nonprofits—private universities, hospitals, and museums—may have expanded and consolidated across the County, but small and mid-sized nonprofits evidently have not kept pace. The median income of Los Angeles human services organizations has declined steadily from just over $300,00 in 2000 to less than $200,000 in 2013, with health organizations seeing the sharpest median revenue decline.

Median Revenue to Los Angeles County Nonprofits, 2000-2013 (in 2015 dollars)



PART II — A DONOR SNAPSHOT

What counts as "giving"—and what is "locally focused" giving?

For the purposes of this report, giving consists of contributions made in cash, assets, or property/goods. The data reflect gifts made to religious or charitable organizations in calendar year 2015. The majority of this report focuses on the percentages of people who give to one type of organization or another. In most cases, the results we present about various religious characteristics control for a number of demographic and socio-economic differences. The data also includes information about planned giving, which refers to charitable contributions pledged through provisions in wills or other estate planning documents. Planned gifts generally are deductible as a charitable gift by the donor at the time they are made but may benefit nonprofit recipients over a period of time.

Congregations: In this study, giving to congregations includes giving to religious congregations (such as churches, synagogues, mosques, and temples) and groups whose primary purpose is religious activity or spiritual development, including TV and radio ministries.

Aside from giving to congregations, much charitable giving goes to organizations whose primary purposes are to help people with basic necessities, deliver health care or medical research, education, youth and family services, arts and culture, to improve neighborhoods and communities, preserve the environment, provide international aid, or to carry out civic and social advocacy.

For the purposes of this study we define giving as inclusively as possible in order to enable wide-ranging interpretations of the data, including those based on one or more narrower definitions. To that end, for the purpose of this report, we define "locally focused" donors as those who indicated that their 2015 giving for at least one charitable purpose (except international aid) went mostly or entirely to organizations whose work is focused within Los Angeles County. Rates and patterns related to locally focused giving, therefore, refer to those donors' self-reports.

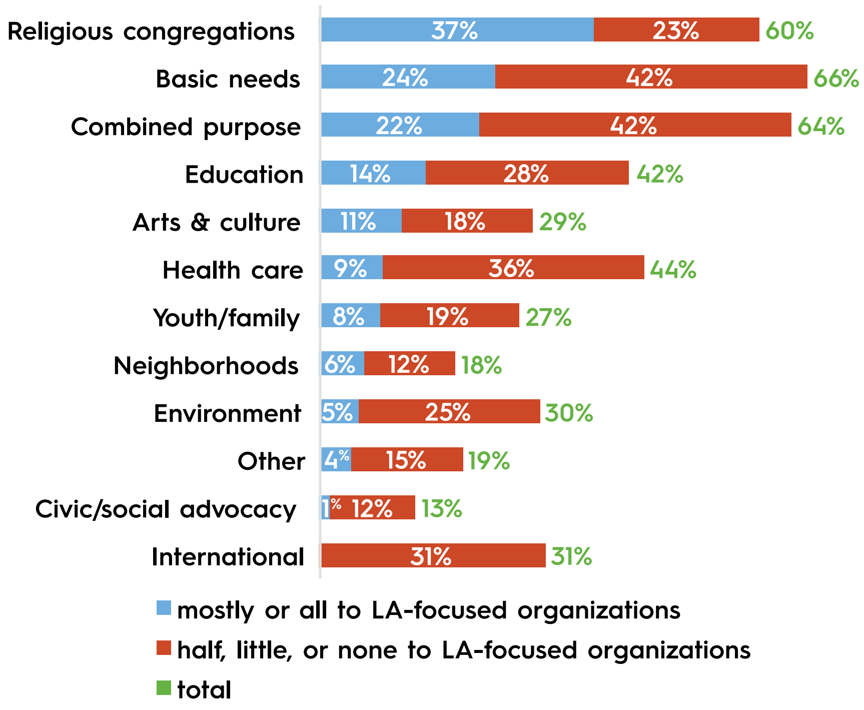
However, because nearly 1 in 6 donors qualifies as "locally focused" solely on the basis of giving to religious congregations and ministries, the report also examines locally focused donors who qualify on the basis of giving to any other cause (whether or not they also give to religious purposes). Donors who are not locally focused still may give meaningfully within Los Angeles County, albeit as a lower proportion of their overall local, national, and global giving combined.

One: Los Angeles County donors make contributions across the spectrum of religious and charitable purposes, with higher proportions of their contributions for religious congregations, arts & culture, basic needs, education, and combined-purpose organizations directed to locally focused nonprofits.

Los Angeles-focused organizations addressing civic & social advocacy, the environment, and health & medicine receive the lowest proportions of donor contributions in those areas.

While Los Angeles area donors reported giving across all purposes, both locally and beyond, their patterns of local support vary by purpose. Higher proportions of donors gave overall to basic needs as well as to organizations that serve a combination of purposes, like the United Way, Catholic Charities, or the Jewish Federation. However, religious congregations received the highest proportion of locally focused giving.

Percentage of Los Angeles-area donors who give to all types of organizations by cause



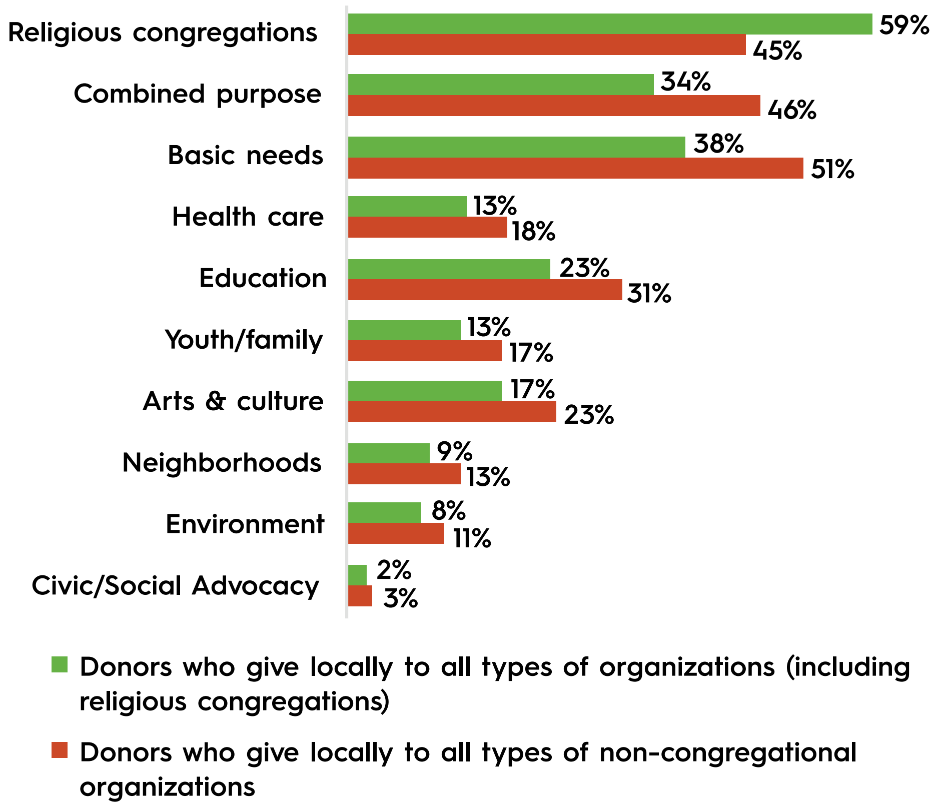
Higher household income and age, as well as religious affiliation and service attendance, typically are associated with higher rates of giving in general. Donors with annual household incomes above $200,000 gave at higher rates for all purposes except religious congregations, to which they gave at lower rates, and to basic needs and international aid, to which they gave at similar rates. Donors under 40 years old were just as likely to give overall across all purposes. Religiously affiliated donors and frequent attenders of religious services gave at higher rates overall than other Los Angeles-area donors. However, with respect to specific causes, they gave at lower rates to most non-congregational purposes, except for combined-purpose organizations, youth & family services, international aid, neighborhoods & communities, and basic needs.[12]

Two: Nearly two thirds of donors in Los Angeles County gave mostly or entirely to locally focused organizations in support of at least one cause.

For all non-congregational charitable purposes, locally focused giving in Los Angeles is associated with being over 65, identifying as liberal, less frequent attendance at religious services, and having a higher household income.

63% of donors identified one or more causes to which they gave mostly or entirely to organizations focused on Los Angeles County. However, religious affiliation and attendance clearly drives Los Angeles-focused giving to congregations. Approximately 26% of locally focused donors (16% of all Los Angeles-area donors) are categorized as such solely because they give to local religious congregations or ministries; they have far higher rates of religious affiliation (especially among evangelicals & Black Protestants) and religious service attendance. For all other charitable purposes, locally focused giving is more strongly connected with donors who are not religiously affiliated (see "What counts as 'giving'—and what is 'locally focused' giving," above).

Percentage of Los Angeles-Area donors who give locally to all types of organizations (including religious congregations) vs. percentage who give locally to all types of non-congregational organizations, by cause



Donors with annual household incomes above $100,000 gave locally at noticeably higher rates for every purpose except religious congregations and ministries. Donors under 40 years old were just as likely as others to give locally for five purposes: combined-purpose organizations, basic needs, health, the environment, and civic/social advocacy. Donors under 40 were more likely to give locally to education, and less likely to give locally to religious congregations, youth and family services, and neighborhoods. Donors aged 65 years old or older were more likely to give locally to arts and culture. Rates of locally focused giving did not vary by gender.

Among donors who give mostly to local nonprofits in at least one area, more than 70% say that achieving change or bringing about a desired impact is an important or very important motivation for charitable giving and nearly as many highlighted their feeling that those who have more should help those with less. More than two thirds of locally focused donors also give to help make the world a better place and because they feel fortunate and want to give back to society. Conversely, donors who give mostly outside Los Angeles were more likely to say that they had religious motivations or that charitable giving could help them in their work life.

MOTIVATION	Donors who give **locally** to at least one **non-congregational** cause	Donors who do not give **locally** to **non-congregational** causes	Difference
A belief that my charitable giving can achieve change or bring about a desired impact	70	65	+5
Feeling that those who have more should help those with less	69	62	+7
A belief that my charitable giving will help make the world a better place	69	65	+3
The feeling that I am fortunate and want to give back to society	68	61	+7
Personal satisfaction	65	58	+7
A desire to meet critical needs in the community and support worthwhile causes	59	51	+7
To serve the needs of my religious community	31	40	-10
Out of religious beliefs or obligation	28	38	-9
Charitable giving can help me in my work life	10	19	-9

*Percentages and differences may not add up due to rounding.

Three: White, Latino, Asian American/Pacific Islander, African American, and lesbian, gay, bisexual, and transgender (LGBT) donors in Los Angeles give at similar rates across most causes.

Donors vary, however, in the proportion of their giving that goes mostly or entirely to locally focused organizations.

Irrespective of their backgrounds or identities,[13] Los Angeles-area donors tend to give similarly across all charitable purposes, with some variations. Household income and age, rather than ethno-racial background, gender, or sexual identity, are more clearly associated with overall charitable giving rates. However, affiliates of certain groups give at slightly higher or lower rates, relative to the overall average:

Giving **overall** at **lower** rates	PURPOSE	Giving **overall** at **higher** rates
←		→
Whites	**RELIGIOUS CONGREGATIONS & MINISTRIES**	African Americans, Latinos, Asian American/ Pacific Islanders
Asian American/Pacific Islanders	**BASIC NEEDS**	African Americans
	COMBINED PURPOSE	Latinos
LGBT donors	**EDUCATION**	
Asian American/Pacific Islanders	**HEALTH**	Whites, LGBT donors
African Americans	**ENVIRONMENT**	Whites
	CIVIC/SOCIAL ADVOCACY	African Americans
	ARTS & CULTURE	LGBT donors
←		→

Household income and age also tend to have the highest predictive value when it comes to making contributions for one particular purpose or another. That said, giving to a specific purpose is a distinct decision from giving mostly or entirely to a Los Angeles-focused organization for that purpose. There are more variations by background when it comes to the likelihood of locally focused giving to specific purposes:

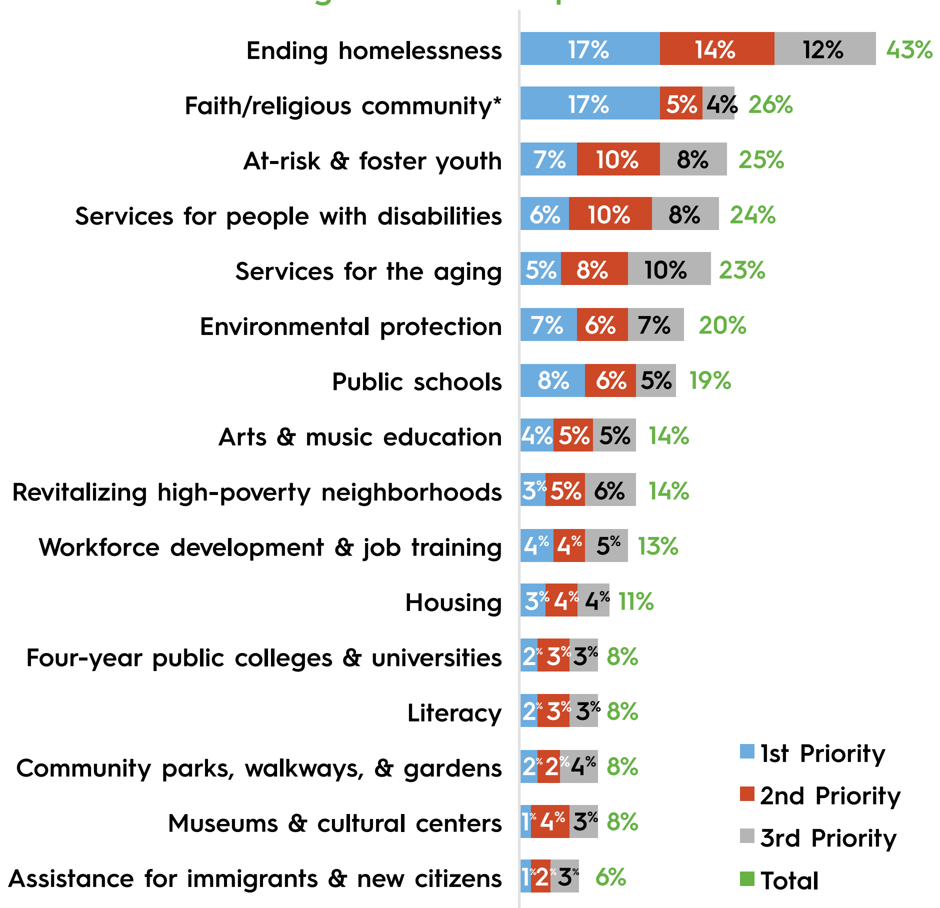
Giving **locally** at **lower** rates	PURPOSE	Giving **locally** at **higher** rates
←		→
Asian American/Pacific Islanders	**BASIC NEEDS**	
African Americans	**EDUCATION**	Latinos
	ARTS, CULTURE, ETHNIC AWARENESS	LGBT donors
LGBT donors	**YOUTH/FAMILY**	African Americans
African Americans	**ENVIRONMENT**	Whites
	CIVIC/SOCIAL ADVOCACY	LGBT donors
←		→

Four: Given the opportunity to make a large gift to Los Angeles, donors' highest priority would be ending homelessness. But of their contributions to basic needs causes and combined-purpose organizations in 2015, only one third went to locally focused nonprofits.

43% of donors—irrespective of their age, income, religious affiliation, or background—said ending homelessness would be one of their top three philanthropic priorities; the second and third highest non-congregational priority beneficiaries were at-risk & foster youth and people with disabilities.

While 67% of donor households contributed for food, shelter, and basic necessities, and 65% gave to combined-purpose organizations, donors indicated that only about one-third of those contributions went to organizations focused on Los Angeles County. Furthermore, these rates were similar even among the 43% who prioritized ending homelessness.[14]

Los Angeles Philanthropic Priorities



***Exception: Evangelicals ranked faith/religious community as their top philanthropic priority, followed by homelessness.**

A higher proportion of African American donors (58%), and a lower proportion of donors with household incomes of $200,000 or above (33%), identified homelessness among their top three priorities, but that was not associated with corresponding differences in their patterns of locally focused giving. That is, affiliates of neither group were any more nor less likely than other donors to give more locally to combined-purpose organizations or for basic needs. While religious affiliation by itself was not a predictor of concern about ending homelessness, there were denominational differences among religiously affiliated donors: Black Protestants (54%) were far more likely to prioritize it than white Protestants (36%), though again it was the top priority for each group. Black Protestants, however, were also more likely to give locally to combined-purpose organizations, as well as to local youth and family service groups; furthermore, they were alone among all evangelicals and Protestants in giving locally for civic and social advocacy.

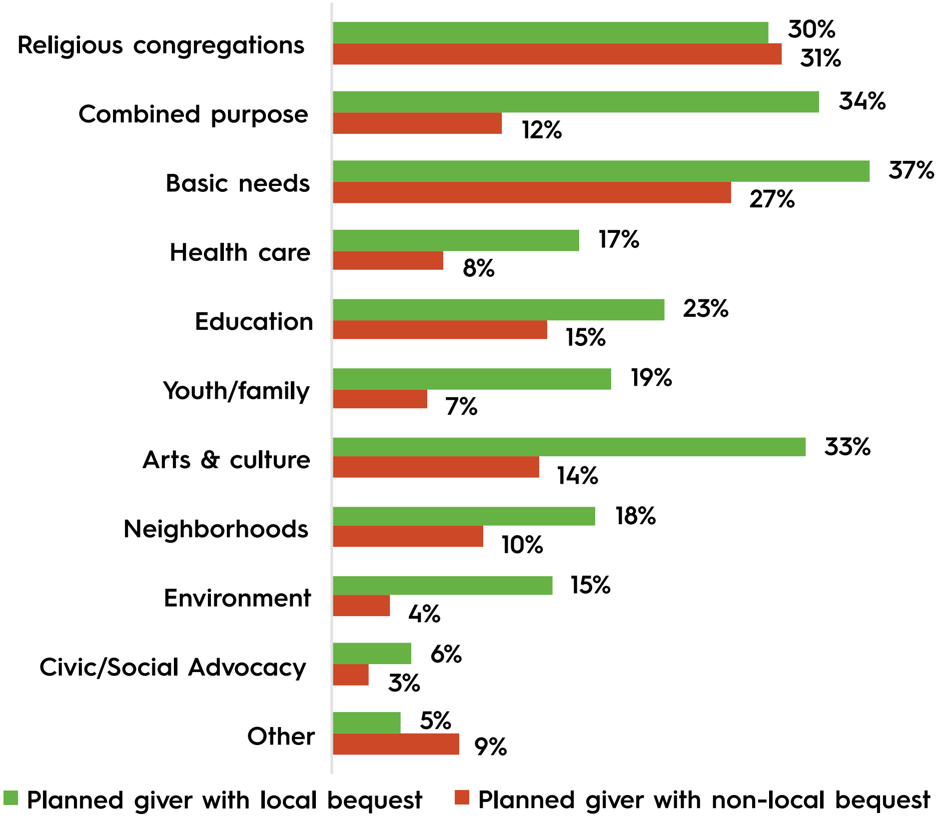
Five: Planned giving is strongly connected with support for locally focused charitable causes, through both bequests and current contributions, especially among donors under 40.

Donors who give mostly within Los Angeles for at least one purpose are much more likely than other donors to have a will, to have charitable provisions in their wills, and to have provisions for locally focused causes; this is especially true for younger donors.

Among donors who give mostly within Los Angeles County for at least one charitable purpose, 65% have a will or estate plan. Of this subset of donors, 27% have a will with a charitable provision and 63% have a bequest to a locally focused cause. As household income increases, the likelihood of being a planned giver increases—and the increased likelihood of leaving a bequest to a locally focused cause is even more pronounced.

White donors are more likely than donors of other backgrounds to have a will or estate plan and to have a charitable provision, but when it comes to a bequest to a locally focused cause, race or ethnicity makes no difference. White, Hispanic/Latino, Asian American/Pacific Islander, and African American donors with charitable provisions reported similar rates of Los Angeles-focused bequests. While younger donors are less likely to have a will or estate plan, those who do are much more likely to have a bequest to a locally focused cause. 86% of donors under 40 who have wills with charitable provisions have locally focused bequests; the same is true of only 41% of those 65 and over.

Los Angeles-focused giving by planned givers with and without local bequests



Planned givers whose wills have provisions for locally focused causes are much more likely to have made a current-year donation to locally focused organizations than were planned givers whose wills do not have provisions for locally focused causes. This is particularly evident when looking at giving patterns across causes. For example, 88% of planned givers with a local bequest also reported having made a current year gift to a combined-purpose organization, compared to 57% of planned givers who do not have a local bequest. The difference is even sharper when it comes to current-year locally focused giving: nearly three times as many planned givers with local bequests (34%) gave to a Los Angeles-focused combined-purpose organization as did those without a local bequest (12%). Put another way, while planned givers without a local bequest appear much more likely to give mostly outside Los Angeles, planned givers with a local bequest appear much more likely to give locally.

CONCLUSION

The Generosity Gap places in sharp relief the gap between Los Angeles County's philanthropic resource needs and the current behaviors and priorities of the region's donors. In the 2014 *State of Donations* report, it appeared, based on data available then, that charitable giving in Los Angeles was on a path to return to pre-recession levels. Now, however, that conclusion seems optimistic. Moreover, the survey results suggest that there may be a limit to donor capacity or willingness to focus their giving within Los Angeles County. While no single group leads or lags in particular, no secular charitable purpose commands more than about one third of donors' local giving. And those with greater capacity to give overall, and greater apparent likelihood of giving more locally, evidently are giving a lower proportion of their household income. The challenge, then, for local nonprofits and locally focused philanthropists alike, is to communicate both the breadth of the needs and the scope of potential impact. Given the variety of motivations donors report, it may not be enough simply to raise the profile and appeal of charitable giving in and of itself; rather, it may be necessary to make explicit the connections between donors and change they can see for themselves in their home communities. Still, the underlying philanthropic infrastructure challenges remain, and there are important questions about the capacity of the Los Angeles region to sustain its nonprofits and serve the people who need their services the most.

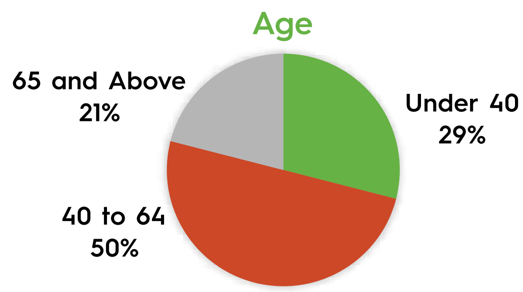
METHODS

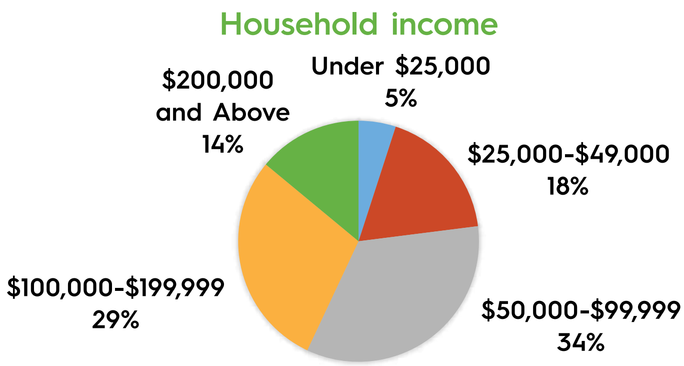
Part One: Data were drawn from the Internal Revenue Service, Indiana University, and the National Center for Charitable Statistics and analyzed consistent with the methods used in *The State of Donations: Individual Charitable Giving in Los Angeles.* Please refer to the endnotes in this report and to "Appendix: Data and Methodology" in *The State of Donations* for a full explanation.

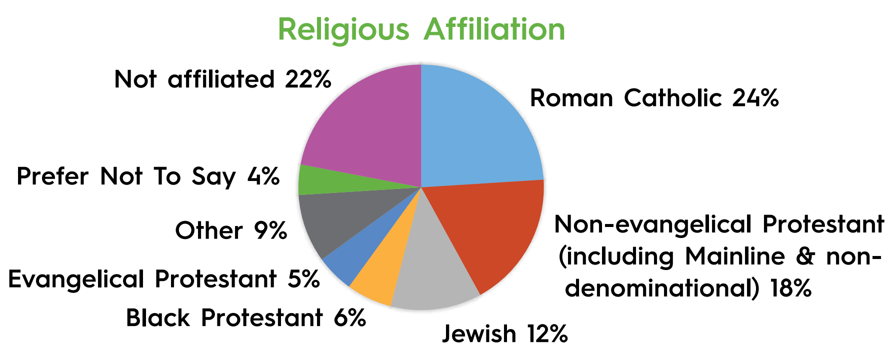
Part Two: The survey was administered online by Evitarus, a strategic advisory and public opinion research firm, from February 1-12, 2016 to 1,200 Los Angeles County residents who were 25 years of age or older and who had made a donation of $25 or more to a charitable organization in 2015. Respondents were selected from among those who have registered with Research Now's online survey panel. The survey results were weighted by gender, income, and race/ethnicity to reflect the demographic composition of Los Angeles County residents who donate to charitable organizations. Some percentages may not add up to 100% due to rounding. The survey instruments used to measure giving behaviors and motivations are modeled on the National Studies of American Religious and American Jewish Giving (NSARG/NSAJG, published as Connected to Give, 2013-2014), which themselves largely replicated Indiana University's biennial Philanthropy Panel Study (PPS) and the Bank of America Studies of High Net Worth Philanthropy. Additional questions were developed to address Los Angeles-specific areas of inquiry. In the comparisons of giving rates between people with different characteristics (unless otherwise noted in this report), using multiple regression methods, we statistically control key sociodemographic differences among people, including age, children at home, gender, household income, race/ethnicity, religious affiliation, and religious service attendance. Explanations and analyses mirroring those in the Connected to Give reports are used by permission of Jumpstart Labs.

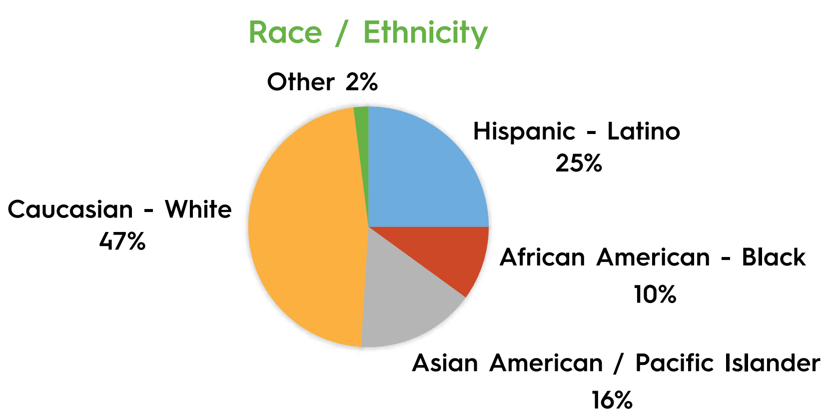
Notable characteristics of Los Angeles-area donors (race/ethnicity, age, income, etc.).

Note: Descriptive charts reflect weighted statistics.









ACKNOWLEDGMENTS

Research for and publication of *The Generosity Gap: Donating Less in Post-Recession Los Angeles County* were made possible through the generous sponsorship of the California Community Foundation. The Evitarus team includes Raphael Nishimura, who provided support with data processing, including weighting of the data and cross-tabulation, and senior researcher Rodrego Byerly, who provided support with data analysis and reporting. The UCLA Luskin team includes Mindy Chen, who compiled nonprofit population and revenue data. The California Community Foundation team included John Kobara, Valarie De La Garza, Taleen Ananian, Christopher Compton, and Stephania Ramirez; Mike Ross designed this report. The authors also wish to thank the Center for Nonprofit Management and Regina Birdsell for hosting a seminar with Linda Fowells (Community Partners), Maura Harrington (CNMSoCal), Randall Hernandez (Union Bank of California), R. Christine Hershey (Hershey Cause Communications), David Sheldon (Southern California Grantmakers), Belinda Madrid Teitel (CNMSoCal), and Tara Westman (The California Endowment) to discuss preliminary survey results, as well as Joshua Avedon (Jumpstart Labs), Hanina S. Rosenstein (Cedars-Sinai), Tara Roth (Goldhirsh Foundation), and Shamya Munni Ullah (Morgan Stanley), who reviewed earlier versions of this report.

HOW TO CITE THIS REPORT

J. Shawn Landres and Shakari Byerly, with Bill Parent, Paul Ong, and Silvia R. González. 2016. *The Generosity Gap: Donating Less in Post-Recession Los Angeles County.* Key Findings for the California Community Foundation from the 2016 State of the Nonprofit Sector in Los Angeles Report. Los Angeles: UCLA Luskin School of Public Affairs.

NOTES

1. Part One of this report examines 2000–2013 data from the Million Dollar List (http://www.milliondollarlist.org) published by the Indiana University Lilly Family School of Philanthropy. The list is a record of publicly announced charitable gifts of at least $1 million since 2000 by U.S. residents, corporations, private foundations, and other grantmaking nonprofits to domestic or international entities across a range of charitable subsectors.

2. See *CCF/USC Dornsife/LA Times Topline Results* (http://www.gqrr.com/articles/2015/10/6/new-university-of-southern-california-dornsife-college-of-letters-arts-and-scienceslos-angeles-times-poll), p. 20.

3. See *The Future of Philanthropy in Los Angeles: A Wealth of Opportunity* (http://calfund.org/wp-content/uploads/CCF-TOW_final.pdf), p. 8.

4. To be sure, this approach depends on respondents' self-reports and their understanding of the organizations that they choose to support. It also may not fully capture giving that is directed through non-local organizations to local initiatives and beneficiaries. However, the findings offer important insight into donor perceptions about how they balance their giving based on geographic focus.

5. See *Stressed and Stretched: The Recession, Poverty, and Human Services Nonprofits in Los Angeles 2002 - 2012* (http://civilsociety.ucla.edu/practitioners/publications/stressed-and-stretched-recession-poverty-and-human-services-nonprofits-lo).

6. Data on giving based on tax filings have gaps. The percentage of income reported as charitable deductions excludes households that do not declare charitable deductions. It is estimated that between 40% and 50% of households do not declare charitable deductions, but as income goes up, an increasing proportion of households opts to declare them. For more information, please refer to *The State of Donations: Individual Charitable Giving in Los Angeles* (http://civilsociety.ucla.edu/practitioners/publications/state-donations-individual-charitable-giving-los-angeles), pp. 43-45.

7. Some readers may observe that different sources report different total tax deduction amounts for Los Angeles County as well as different calculations for average share of income. County-wide totals and totals arrived at by adding deductions by ZIP code yield different answers for the same region because the IRS suppresses some smaller ZIP codes where identities could be compromised. Furthermore, reporting methods and time frames have changed in the past decade. As a result, different statisticians employ different tools to account for missing data. In all of these different calculations, however, the basic trend lines hold: there is a continued flattening and decline in giving for Los Angeles County.

8. It is highly unlikely, though possible, that the persistent decline in household charitable giving reflects a transfer of personal wealth into other giving vehicles, such as donor-advised funds of the type held at Fidelity Investments Charitable Gift Fund, Schwab Charitable Fund, the National Philanthropic Trust, the Jewish Community Foundation of Los Angeles, the Liberty Hill Foundation, the California Community Foundation, or elsewhere. National data from the National Philanthropic Trust *2015 Donor-Advised Fund Report* show that contributions to donor-advised funds—which themselves are reportable charitable deductions—broke records each year from 2010 to 2014 (http://www.nptrust.org/daf-report/pdfs/donor-advised-fund-report-2015.pdf, p. 5). Assuming that at least some of these came from Los Angeles-area donors, the decline in other individual charitable giving might even be sharper than the topline numbers suggest.

9. See Note 1 above. For more information, including cautions regarding limitations of the data, please refer to *The State of Donations: Individual Charitable Giving in Los Angeles*, pp. 48-49.

10. This figure does not include religious congregations or ministries, nor private foundations; nor does it include nonprofit organizations for which contributions are not tax deductible, including 501(c)(4) organizations. Also not included in the IRS data are nonprofits with annual expenditures below $50,000 that file only a limited e-postcard each year.

11. The IRS data are not available in certain categories in certain years, which also makes total revenue unavailable for those years.

12. Higher contribution rates for certain non-congregational purposes among religiously affiliated donors likely reflects giving to religiously identified organizations (RIOs), such as Catholic Charities, Lutheran Social Services, or Jewish federations. Beyond congregations and ministries, donors consciously give both to RIOs and to organizations that are not religiously identified (NRIOs). Please see *Connected to Give: Faith Communities* (http://connectedtogive.org), especially pp. 12-13.

13. White/Caucasian, Hispanic/Latino, Asian/Pacific Islander, and Black/African American donors made up 98% of the survey sample, with Native American (1%) and other (1%) donors making up the remainder. Results reported here reflect giving behavior reported by donors; this study does not address rates within the general population (among both donors and non-donors overall) at which affiliates of different backgrounds make charitable contributions.

14. Among donors who prioritized ending homelessness, 72% gave overall for basic needs and 67% gave to combined-purpose organizations. 36% of the basic needs donors gave mostly or entirely to Los Angeles-focused organizations; the same was true for 34% of the combined-purpose donors.