

GIVING IN MAINE



A REPORT ON PHILANTHROPY 2008

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This report is a joint project of the Maine Community Foundation and the Maine Philanthropy Center.



Maine
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Center



PHILANTHROPY IN MAINE: AN INTRODUCTION AND AN INVITATION

What would Maine look like today without philanthropic gifts?

- **Baxter State Park** would not be accessible to 55,000 annual visitors if Percival Baxter had not given the state 6,000 acres of land in 1931.
- **Over \$5 million in scholarships** would not have been awarded to 1,200 Maine students through the Mitchell Institute, established by Senator George Mitchell in 1995.
- **Telepharmacy service** would be unavailable to citizens in Lubec without a grant from the Maine Health Access Foundation and additional federal and state support.
- **Masterpieces of Maine art** would not be seen by 150,000 visitors to the Portland Museum of Art without the donations of philanthropist Elizabeth Noyce, artist William Thon and many others.
- **Professional support** would not be available to nonprofit organizations in Maine at the level now provided by the entrepreneurial Maine Association of Nonprofits, Common Good Ventures and Maine Development Foundation.

“This report provides a starting point for an appreciation of the breadth and promise of philanthropy in Maine.”

Philanthropy as we know it today is a relatively young enterprise in Maine. Looking back 25 years, the Maine Philanthropy Center did not exist and the Maine Community Foundation was newly founded. The Maine Women’s Fund and Maine Initiatives would not be established for another six and ten years, respectively. One of Maine’s largest foundations today, the Libra Foundation, came into existence in 1989 and the Harold Alfond Foundation was not created until 1993. Individual giving by Mainers totaled \$67 million in 1983, and 110 foundations in Maine awarded \$3.7 million in grants that year.

Today, the Maine Community Foundation is the steward of nearly \$250 million in charitable assets and the Maine Philanthropy Center serves as a resource and convener for the 289 Maine foundations that awarded \$91 million in grants in 2005. That

same year, the Internal Revenue Service reported that Maine residents gave \$482 million to charitable organizations.

To increase philanthropic dollars in Maine and make the best use of these significant resources, we must have a clear understanding of the sources of such funds and how they impact the lives of Maine people and communities.

This report provides a starting point for an appreciation of the breadth and promise of philanthropy in Maine. *Giving in Maine* also offers a deeper look into the levels and scope of charitable giving in our state in order to demystify and democratize philanthropy.

We invite you to explore what makes philanthropy distinctive, its potential for greater community impact, its relationship to government spending and how we can encourage greater and more strategic giving that improves the quality of life for all Mainers.

INDIVIDUAL GIVING

A GENEROUS MAINE: GROWTH AND PROMISE

Mainers give in many ways. They contribute directly to public charities and volunteer extensively. They give at their workplaces through payroll deductions for the United Way, MaineShare and similar campaigns, through tax check-off boxes and special license plates. They establish private foundations, use commercial gift fund accounts, collaborate with community foundations and invest in nonprofit grantmakers, such as Maine Initiatives and the Maine Women's Fund.

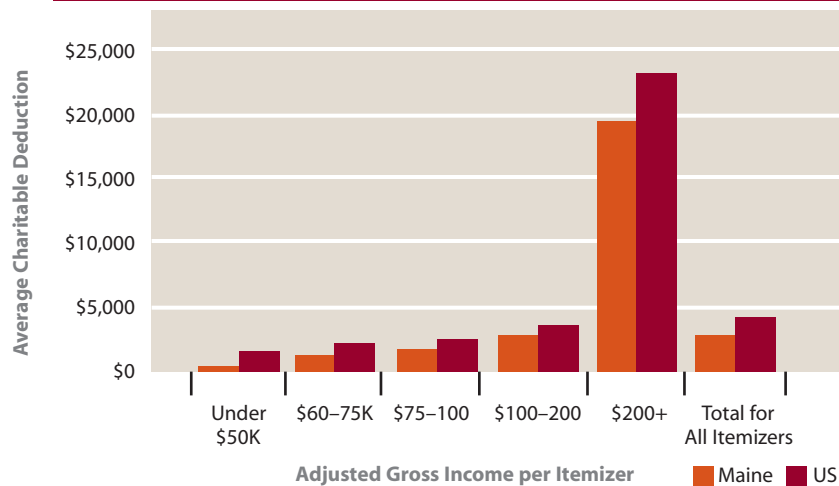
Mainers give generously. Individuals give 80% of all charitable gifts in Maine. Since only one in four Maine households itemizes its tax return, however, IRS data does not capture all individual giving. More than 165,000 Maine households itemized their contributions to charity on their tax forms in 2005, which added up to \$482 million in charitable deductions, an increase of \$94 million over the amount deducted in 2001.



A Family Philanthropy Affair

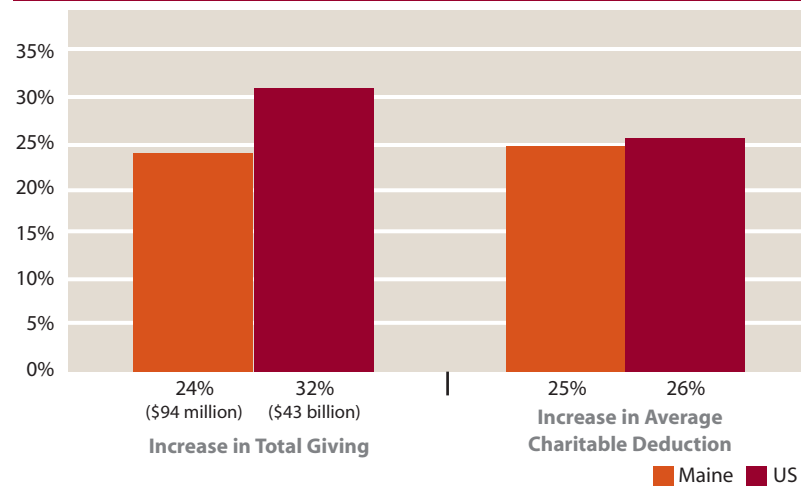
Over a decade ago, Alexander "Sandy" Buck called his family together to talk about starting a foundation that would support positive change. Since its establishment, the Horizon Foundation has provided support for environmental education, the arts, leadership development for children and conservation across Maine—often to organizations and causes to which family members have a personal connection. At the same time the foundation has challenged other funders to think and act more strategically. The Horizon Foundation was an early advocate for the Environmental Funders Network (see p. 8) and Sandy Buck—pictured here with his wife, Sissy—is the network's current chair.

Average Charitable Deduction per Itemizer, 2005



Source: IRS

Increase in Giving, 2001-2005



Source: IRS

This growth in charitable gifts is impressive, but individual giving in Maine remains lower than the national average. For example, the average U.S. taxpayer with a charitable deduction donates \$4,388 compared with an average Maine household charitable deduction of \$2,900.

While there is no definitive data on why Maine giving remains lower than in other parts of the county, analysts speculate that the state's lower rate of faith-based giving and the higher cost of living may be factors. Even so, there is great potential for growth in philanthropy. If existing Maine

donors simply brought their average contribution up to the national average, it would result in an additional \$247 million—a quantum increase in charitable giving.

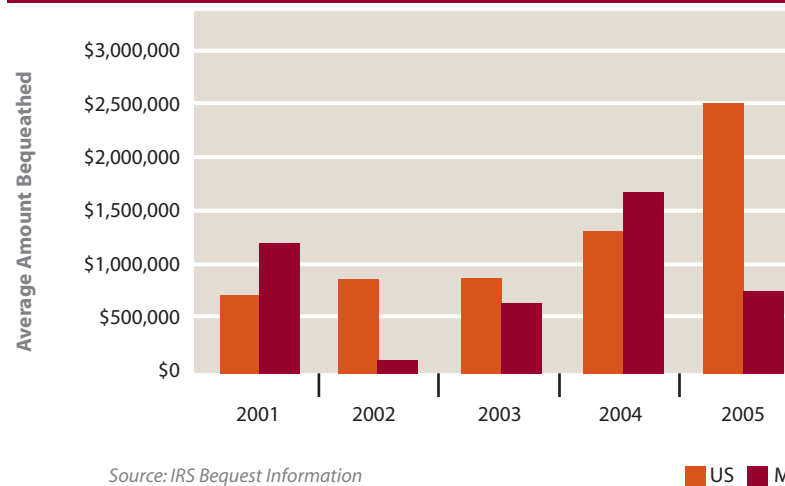
One area in which Maine surpasses national numbers is charitable bequests—contributions by will or trust. More than a quarter—27%—of Maine estates over \$1.5 million that were settled in 2005 included a charitable bequest versus 20% nationally. According to the IRS, Mainers donated an estimated \$35 million in charitable bequests that year.

“One area in which Maine surpasses national numbers is charitable bequests.”

Wealth Transfer: Impact on Maine?

Bequests are particularly important given the anticipated significance of the “wealth transfer” in this country. According to a study conducted at Boston College, by the year 2055 some \$41 trillion will change hands as the “baby boomers” pass their assets to the next generation, in what will be the largest intergenerational transfer of wealth in U.S. history. Not all of these resources will be passed on to heirs: even the most modest predictions anticipate that about \$6 trillion will be donated to charities across the country. While we do not know what this wealth transfer will mean for Maine, the continued promotion of charitable bequests will have significant bearing on future philanthropy.

Average Amount Bequeathed, 2001–2005



Source: IRS Bequest Information

GIVING THROUGH PARTNERSHIPS AND PERSONNEL

One indicator of giving levels in Maine is the success of the state's ten United Ways. These organizations disbursed \$17 million in 2007 to support a range of human services, such as meeting basic needs (\$2.4 million), helping children and families (\$3.5 million), and improving health and wellness (\$1.6 million). Local United Ways partner with Maine businesses, which provide personnel to help market campaigns and make it easy for employees to give.

Maine businesses contribute to nonprofit organizations in other ways as well: through sponsorships and contributions to nonprofit organizations, scholarship funds, matching employee contri-

butions, and organized volunteer projects. Because the majority of businesses in Maine are small, they tend to be more intimately connected to their communities and give in a variety of formal and less formal ways.

That said, a few corporate foundations based in the state and several more outside Maine provide support for a range of activities in the nonprofit sector. A survey of members of the Maine Philanthropy Center's "Corporate Giving Roundtable" reveals that these corporations annually contribute \$10 million and their 8,500 employees log over 40,000 volunteer hours.

"...because the majority of businesses in Maine are small, they tend to be more intimately connected to their communities...."



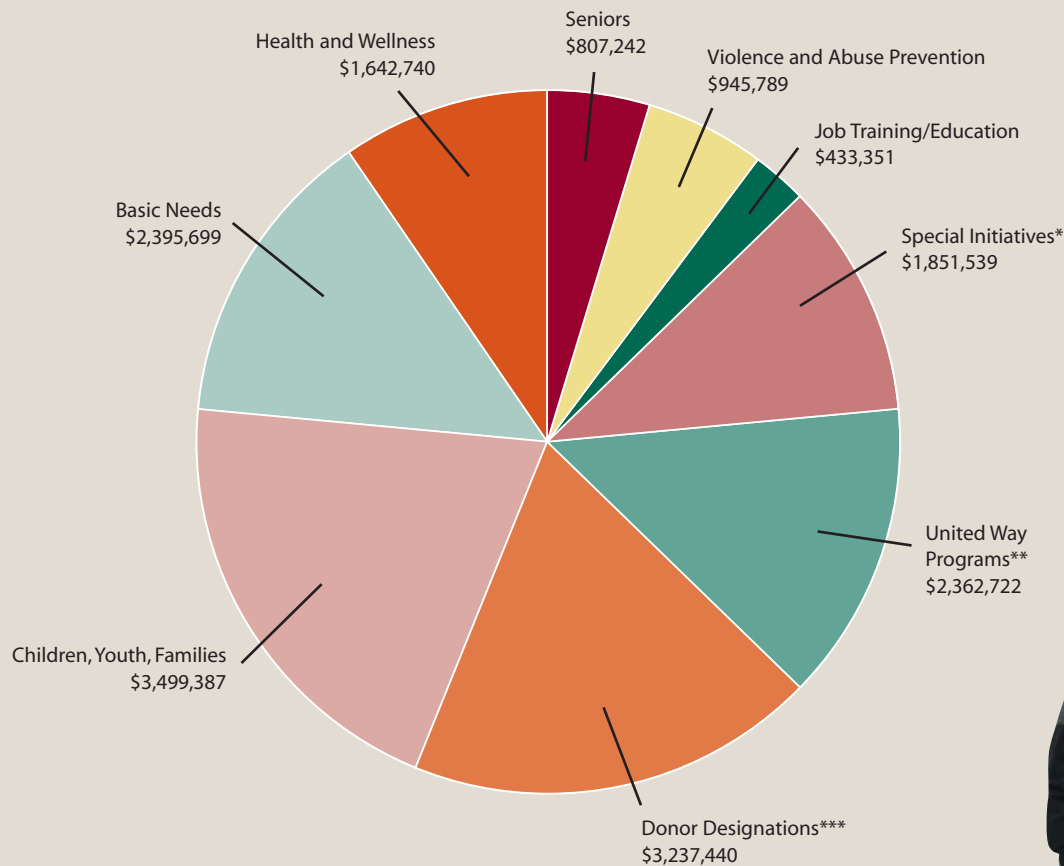
Corporate Citizen

Unum has long been passionate about promoting educational excellence in Maine. Central to its strategy has been support of leadership organizations such as the Maine Coalition for Excellence in Education, Jobs for Maine's Graduates, the Harold Alfond College Challenge and the Maine Compact for Higher Education. Cary Olson-Cartwright, Unum's director of community relations, notes that the company's giving goes beyond its checkbook: executives and employees of the corporation are encouraged to get involved as board members and volunteers for nonprofits, contributing critical expertise and energy.



“Local United Ways partner with Maine businesses, which provide personnel to help market campaigns and make it easy for employees to give.”

United Ways of Maine Investments by Issue Area, 2007–2008



Sources: Data gathered from 9 of the 10 United Ways in Maine

* For example, 2-1-1 Maine, Let's Go, Success by 6

** For example, VolunteerMaine.org, Earned Income Tax Credit Program

*** United Way honors designations to nonprofit health and human service organizations in Maine.

Funders Collaborate to Heat Homes

In 2005 the Eastern Maine Funders, a group of 14 foundations and corporations operating under the umbrella of the Maine Philanthropy Center, joined forces to help Mainers heat their homes. Challenged by a grant of \$50,000 from the Bangor Savings Bank Foundation and \$250,000 from the Maine Community Foundation, others responded, pushing the total funding to nearly \$550,000.

The United Way of Eastern Maine served as the convener and administrator, Common Good Ventures helped design the strategy and Webber Energy Fuels cleaned 60 furnaces for free. Together, the group helped weatherize 90 homes (saving an estimated \$810,000 in future fuel costs) and provided 987 households with an average of \$300 in emergency fuel assistance. From this experience, the Eastern Maine Funders concluded that reducing energy consumption was more effective than fuel assistance alone and consequently earmarked 75% of its 2007-2008 funds for weatherization.



FOUNDATION GIVING

REFLECTING THE INTERESTS AND NEEDS OF MAINE CITIZENS

In 2005, Maine foundations with \$1.5 billion in assets gave \$91 million to organizations in the United States. Of this \$91 million, approximately half—\$44 million—went to Maine nonprofits, with an additional \$74 million coming into the state from national institutions.

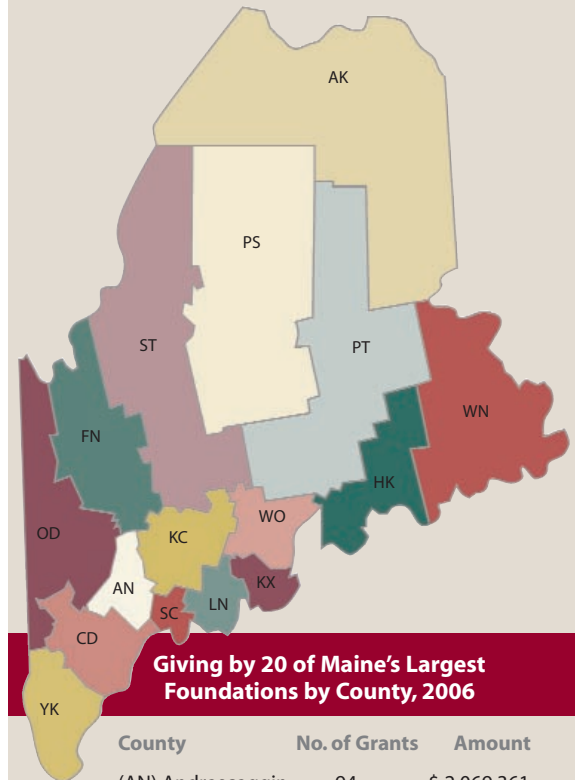
The charitable assets under the stewardship of Maine foundations nearly doubled in the last five years, from \$800 million to \$1.5 billion, growing 92% compared with a 74% growth rate in the nation as a whole. In addition, the

total grant dollars awarded by Maine foundations rose by 74% over the same time period. Still, on a per capita basis, the assets of these foundations fall below the U.S. average: \$1,300 for every person in the state compared to a national average of \$1,800 per person.

A summary of grantmaking by 20 of Maine's largest foundations shows how and where their funds are spent. In 2006, these foundations granted \$48 million, about 75% of their grant dollars, to Maine organizations. Maine found-

ation giving reflects the interest and needs of citizens of the state: they grant more than the national averages in the fields of the environment, health and social and human services.

Maine foundations awarded grants across the state, with nonprofit organizations in Cumberland and Kennebec counties receiving the most support. However, many statewide nonprofits are headquartered in these two counties, and their work benefits a broad cross-section of Mainers in many other regions of the state.



Giving by 20 of Maine's Largest Foundations by County, 2006

County	No. of Grants	Amount
(AN) Androscooggin	94	\$ 2,069,361
(AK) Aroostook	143	\$ 2,371,613
(CD) Cumberland	687	\$ 18,395,792
(FN) Franklin	72	\$ 1,580,334
(HK) Hancock	442	\$ 2,197,801
(KC) Kennebec	282	\$ 8,004,823
(KX) Knox	153	\$ 1,337,310
(LN) Lincoln	59	\$ 109,834
(OD) Oxford	109	\$ 1,182,469
(PT) Penobscot	308	\$ 4,637,033
(PS) Piscataquis	98	\$ 314,120
(SC) Sagadahoc	42	\$ 1,237,423
(ST) Somerset	47	\$ 469,670
(WO) Waldo	199	\$ 957,184
(WN) Washington	119	\$ 1,284,170
(YK) York	152	\$ 1,367,117

Source: Grants list from 20 of Maine's largest foundations

Grantmaking by 20 of Maine's Largest Foundations, 2006

Foundation Name	Year Est.	Total Giving	% to Maine Nonprofits	Foundation Name	Year Est.	Total Giving	% to Maine Nonprofits
Maine Community Foundation	1983	\$16,286,054	78%	JTG Foundation	1996	\$830,540	100%
Libra Foundation	1989	\$12,552,583	100%	William & Joan Alfond Foundation	1986	\$741,771	83%
Maine Health Access Foundation	2000	\$4,229,107	99%	Davis Conservation Foundation	1989	\$769,000	77%
Davis Education Foundation	1985	\$2,913,175	17%	Lunder Foundation	1998	\$791,927	60%
Elmina B. Sewall Foundation	1983	\$3,728,061	46%	TD Banknorth Charitable Foundation	2000	\$7,036,149	31%
Davis Family Foundation	1986	\$2,095,954	98%	Great Bay Foundation for Social Entrepreneurship	1998	\$800,031	43%
Harold Alfond Foundation	1993	\$2,607,216	92%	Horizon Foundation	1997	\$373,000	62%
Sam L. Cohen Foundation	1983	\$832,000	100%	Clarence E. Mulford Trust	1950	\$481,585	98%
The Betterment Fund	1955	\$1,865,300	99%	Stephen and Tabitha King Foundation	1986	\$1,751,835	96%
MELMAC Education Foundation	2001	\$1,401,028	100%				
Sandy River Charitable Foundation	1997	\$2,538,626	16%				

Source: 990-PF Tax Forms and information provided by individual foundations



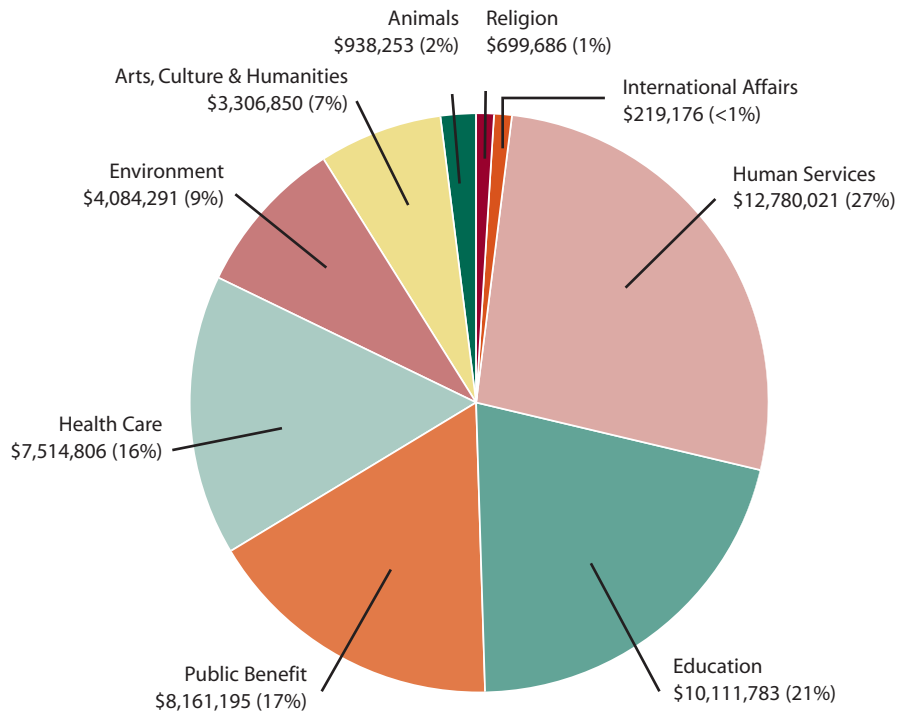
Giving Back: A Special Family Legacy

Elmina Sewall was a quiet, private person who was more interested in rolling up her sleeves to get a job done than in receiving recognition for her generosity. Well into her eighties, she was an active volunteer at the Animal Welfare Society in Kennebunk. She provided scholarships to medical students at the University of New England and supported a number of organizations making a difference in the lives of Maine people.

Drawing on a lifelong passion for giving back, for animals and open spaces, Sewall established a foundation that today provides major support for animal welfare, land conservation and social services in Maine. One example of the Elmina B. Sewall Foundation's targeted approach: over the past 20 years, grants from the foundation have helped transform Preble Street from a small organization providing a safety net for homeless individuals to a comprehensive agency committed to ending chronic homelessness in greater Portland.

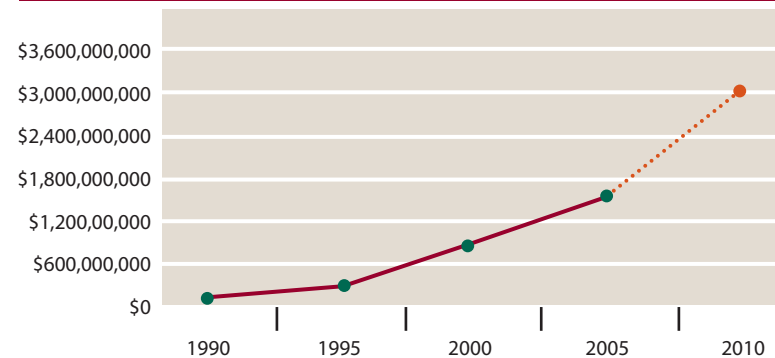
Elmina Sewall's legacy will have an impact in Maine and beyond for many years to come.

Grants by 20 of Maine's Largest Foundations by Issue Area, 2006



Source: Grants list from 20 of Maine's largest foundations

Growth of Foundation Assets in Maine



Source: Foundation Center for 1990–2005. 2010 number is projected based on current growth rate.

PARTNERING WITH DONORS AND NONPROFITS

Founded in 1983, the Maine Community Foundation is a leading resource for donors and nonprofit organizations seeking to provide long-term and strategic support to strengthen Maine communities. Known for its innovative grant programs, financial strength, successful investment strategies and services for donors and their advisors, the foundation is a public charity incorporated in Maine and governed by a statewide volunteer board of citizen leaders.

A professional staff works in

three primary areas: grantmaking and program initiatives; charitable resource advancement and stewardship; and finance and investments. Maine Community Foundation serves as a civic leader, convener and sponsor of special initiatives in education, social capital, the environment, the arts and other fields. With charitable assets at nearly \$250 million, the foundation has distributed more than \$113 million in grants and scholarships since 1983.

“Maine nonprofit organizations touch the lives of all Maine residents, the well-off, the middle class, the working poor. . . .”

Nonprofits are key partners in fulfilling the Maine Community Foundation’s mission. According to “The Maine Nonprofit Sector 2005,” a report issued by the Maine Association of Nonprofits and the Maine Community Foundation, nonprofit organizations “touch the lives of all Maine residents, the well-off, the middle class, the working poor, the unemployed and the unemployable—and they employ over 70,000 Mainers in the process.”

The report further makes the case that nonprofits “define, shape and improve the quality of life in local communities; are the foundation of the creative economy, which attracts businesses to communities; engage citizens in their communities through volunteerism; and augment services provided by the state, effectively reducing the cost of government.”



Networking for Maine’s Environment

Many Maine Community Foundation donor advisors are committed to preserving the environment and providing support to organizations that share their vision. In the words of one, “My passion is for place. The foundation has helped to broaden the possibilities and span of my grantmaking in Maine.” To that end, in 2005 the foundation partnered with the Maine Philanthropy Center to launch the Environmental Funders Network. The network provides opportunities for education and information exchange and encourages collaboration among donors, foundation and corporate funders and nonprofits.



A Passion for Public Policy

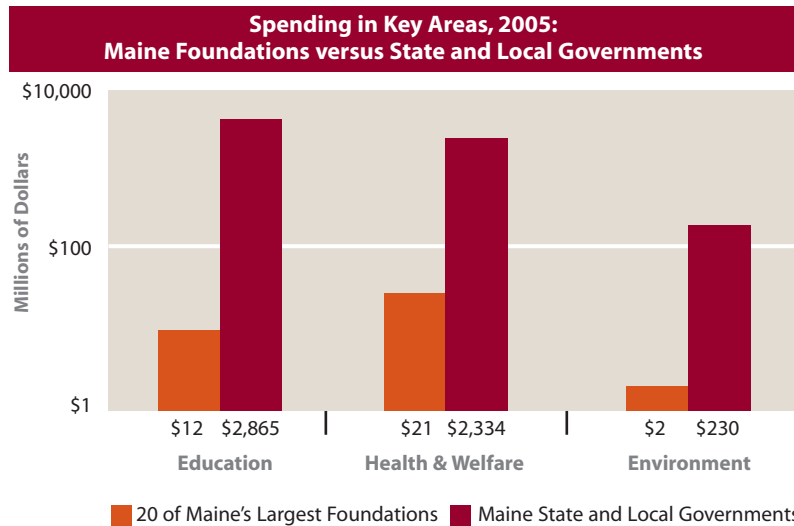
The late Maine journalist and businessperson Peter Cox was passionate about Maine and the potential of public policy. Cox created the Maine Policy Scholars Fund at the Maine Community Foundation to combine both passions. With support from the fund and its advisors, University of Maine students are introduced to the public policy process through independent study and research. Former Maine Governor Angus King, now lead advisor to the fund, notes that several recent scholars are pursuing careers in public policy: one in the Democratic policy office at the Maine Senate, another as a candidate for a Maine Senate seat and a third as a law student.

GOVERNMENT SPENDING

THE NEXUS OF PUBLIC AND PRIVATE

Philanthropy complements and enhances government spending, but it cannot replace it. For example, Maine’s state and local governments spent \$2.8 billion on education in 2005, while 20 of the state’s largest foundations granted \$12 million to educational organizations that year. In health and welfare, Maine’s state and local governments spent \$2.3 billion in 2005 while the 20 foundations awarded \$21 million.

Put another way, for every \$150 that state and local governments in Maine spent on education and health in 2005, 20 of Maine’s largest foundations granted about \$1. If government spending on health and welfare happened to decline by five percent in a given year, philanthropy would have to increase five-fold in order to fill the \$115 million gap.



Sources: US Census of State and Local Government Finances, 2004–05, and 2006 Foundation Data



A Foundation for Health

The Maine Health Access Foundation’s mission is to promote affordable and timely access to comprehensive quality health care to improve the health of all Mainers. Between 2002 and 2007, the foundation awarded more than \$30 million to more than 150 organizations in every region of Maine. Even so, these total grants comprise a fraction of all health care spending in Maine, underscoring the importance of the Maine Health Access Foundation’s additional strategies of providing models of best practices for public dollars, attracting other grants to Maine and exercising leadership on public policy.



STRONG, DIVERSE AND GAINING GROUND

Philanthropy in Maine is strong, diverse and gaining ground, but its potential to have an even greater impact is evident. Many believe philanthropy's niche is in supporting research that clarifies issues, funding innovation through pilot projects that test new approaches to difficult problems, acting as a catalyst for dialogues among diverse groups and providing leadership for systemic policy change. Others believe philanthropy's true calling is in helping to address social issues and provide for basic needs.

To tap philanthropy's potential, the Maine Philanthropy Center, the Maine Community Foundation and many other organizations and individuals employ an array of strategies to make a broad range of people aware of philanthropy's importance, but everyone needs to know how giving changes lives in Maine. This report is a "stake in the ground" as we measure philanthropy's impact on Maine communities in the future.

We invite you to continue this conversation at home, at work and in your community. Please help us spread the word.

"...Everyone needs to know how giving changes lives in Maine."

REFERENCES & ACKNOWLEDGMENTS

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Maine Association of Nonprofits
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Government Spending

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