



GRANTS IN THE GATEWAY

COMMUNITY AND ECONOMIC DEVELOPMENT
GRANTMAKING IN THE ST. LOUIS AREA



FEDERAL
RESERVE
BANK *of*
ST. LOUIS

Community Development at the St. Louis Fed

The St. Louis Fed's community development staff work at the local, regional and national levels to promote the economic resilience and mobility of low- and moderate-income (LMI) and underserved individuals and communities. We accomplish this work in many ways, including:

- Conducting research and identifying emerging issues
- Developing resources and sharing ideas
- Fostering collaboration and building partnerships

Shared insights arising from these efforts help us better understand the economic conditions throughout the Eighth Federal Reserve District's diverse communities and often lead to better decisions and solutions that help the economy as a whole perform better.

Part of the St. Louis Fed's role in [community development](#) is to encourage partnerships among public and private organizations to [help deliver credit to LMI individuals and neighborhoods](#). The St. Louis [Community Development Funders Forum \(CDFF\)](#) seeks to advance cross-sector collaboration among financial institutions, corporate philanthropy, foundations, government and quasi-governmental entities to promote equitable community and economic development in the region. The CDFF helps facilitate and coordinate potential funding opportunities while offering a venue for funders to form and strengthen relationships.

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Giving by foundations to all nonprofits in the U.S. totaled more than [\\$90 billion in 2021](#). These nonprofits provide critical programs and services to foster economic resilience and mobility in low- and moderate-income (LMI) communities. However, limited analysis exists on the philanthropic sector's financial support of community and economic development (CED) nonprofits.

This report provides an overview of the philanthropic funding distributed to St. Louis-area CED organizations from 2015 through 2019 compared with all other nonprofits, excluding hospitals and universities. The goal is to inform CED practitioners and funders about the flow of grant-based funding in the region. Differences between grantmakers and nonprofits in size, leadership and distance can affect networks and trust, which are critical factors in how grants are distributed. To understand regional dynamics of grant-based funding, this report answers the following questions:

- How did the distribution of grants received by CED organizations differ across leadership attribute (Black-led)¹ and size (revenue)?
- How did the distribution of grants to CED organizations differ based on the size (assets), type and location (St. Louis region or external) of the funder?
- How concentrated was CED funding, and who were the top grantmakers and recipients?

Main Findings

- CED nonprofits received 6.4% of total grantmaker giving while comprising 7.7% of all nonprofits in the St. Louis area.
- Nearly 20% of Black-led nonprofits in the St. Louis area focused on CED. However, they received only 7.3% of giving to all Black-led nonprofits.
- More than half of giving to CED nonprofits in the St. Louis area went to those with \$2 million to \$10 million in annual revenue, even though organizations of that size comprise less than 20% of all CED nonprofits.
- CED giving appeared to be highly concentrated: The top five CED recipients secured 45% of total grant dollars and the top five CED grantmakers accounted for more than 80% of total giving.
- Grantmakers with assets between \$5 million and \$20 million provided 35.4% of funding to CED nonprofits in the St. Louis area, substantially higher than their contribution to non-CED organizations.
- Most St. Louis-area CED funding came from public charities, even though they represented only 20.3% of all CED grantmaking organizations in the region.
- Local grantmakers provided 72.1% of grant dollars to St. Louis-area CED nonprofits.
- However, among Black-led St. Louis-area CED nonprofits, only 58.1% of funding was locally sourced.

Data and Method

The grant data in this report were acquired from [Candid](#), an organization that collects and provides comprehensive data on the nonprofit sector. The data consist of a sample of grants made to nonprofits from 2015 through 2019. To aggregate funding across years, all grant amounts were adjusted to 2019 dollars. Due to the unique operating and financial structure of hospitals and universities, these nonprofits were excluded from the sample. Grants to nonprofits headquartered in three counties—the city of St. Louis and St. Louis County in Missouri and St. Clair County in Illinois—were included in the data set. Grant transaction data acquired from Candid are estimated to include approximately 30%-40% of all private grantmaking within the geography.

It is important to note that the data only reflect grantmaking to organizations that received private funding; organizations that applied for grants but did not receive funding within the period are not included in our sample.

Data on grantmaker assets, nonprofits' revenue and National Taxonomy of Exempt Entity (NTEE) major groups come from IRS business master files. CED organizations were defined using NTEE codes J (employment), L (housing and shelter) and S (community improvement and capacity-building). Limiting our definition to these NTEE codes is intended to maximize the inclusion of organizations that tend to self-identify as CED-focused while minimizing the inclusion of others. The IRS maintains a [full list of NTEE major group codes \(PDF\)](#).

A Black-led organization is defined as one in which the president/CEO/executive director or the chair of the board of directors identifies as Black. We utilized guidance from local funders as well as the Association of Black Foundation Executives. While an exhaustive list of Black-led organizations does not exist, we compiled a comprehensive list using the following data sources:

- Deaconess Foundation: *COVID-19 Equitable Relief and Recovery Fund* ([2020](#))
- Deaconess Foundation: *Follow the Leader: A Philanthropic Strategy for Effectiveness* ([2018](#))
- Federal Reserve COVID-19 Community Impact Survey ([2022](#))
- St. Louis Community Foundation
- USA Spending

A grantmaker is considered local to St. Louis if they have a mailing address within the St. Louis region. Some grantmakers in the data listed the address of a bank or trust company located outside the region on their tax return. However, because they are physically located in the region, these grantmakers were included in the data set. We sought to improve the accuracy of the analysis by cross-referencing our sample with St. Louis-based philanthropic experts.

Finally, though rare, there are instances (e.g., the United Way of Metro St. Louis) in which an organization was both a grantmaker and a nonprofit recipient.

Key Terms

- **Black-led nonprofit:** A nonprofit organization in which the president/CEO/executive director or the chair of the board of directors identifies as Black.
- **Community and economic development (CED) organization:** An organization that falls into one of the following IRS major categories: employment, housing and shelter, or community improvement and capacity-building.
- **Grant-based funding:** Dollars provided to a nonprofit recipient by a grantmaking organization to accomplish certain goals. This report uses “grant-based funding” interchangeably with “giving.”
- **Grantmaker:** A funding organization that provides grants to nonprofit organizations. Grantmakers can be one of five types: community foundation, corporate foundation, independent foundation, operating foundation or public charity.
- **Local grantmaker:** A funding organization located in the St. Louis region, which spans 15 counties in Missouri and Illinois.² Analysis based on source of funding uses this larger geographical region.
- **Share of giving:** Percentage of total grant value in U.S. dollars.
- **St. Louis-area nonprofit:** A nonprofit located in the city of St. Louis or St. Louis County in Missouri or St. Clair County in Illinois. Analysis of grant-based funding received is limited to nonprofits in this three-county area.

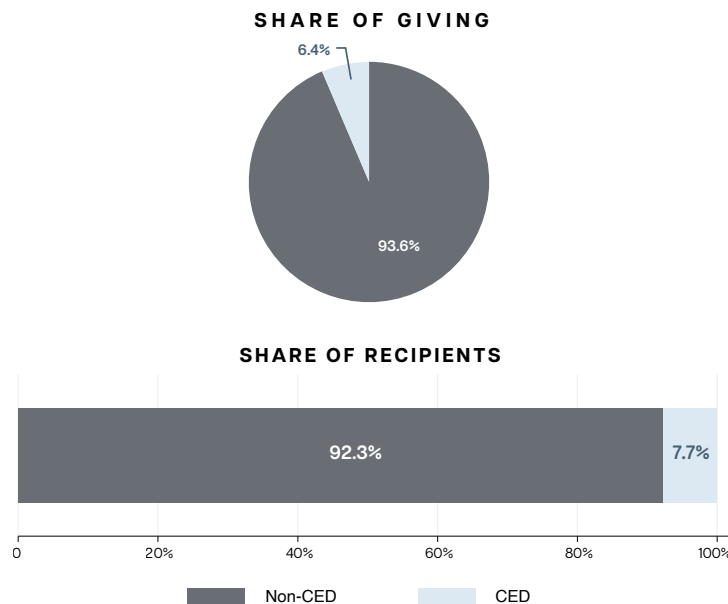
Distribution of Giving by Recipients' Characteristics

The data in this analysis consists of 2,684 nonprofits in the St. Louis area that received grant funding from 2015 through 2019. Most of the nonprofits in the data (92.3%) focused on activities outside of CED (Figure 1). St. Louis-area CED nonprofits represented 7.7% of our sample and received 6.4% of total grant funding.³

This section describes the distribution of grant-based funding by three different organizational attributes of the recipient:

- Whether or not a nonprofit focused on CED
- Organizational size based on annual revenue
- Whether or not a nonprofit was Black-led

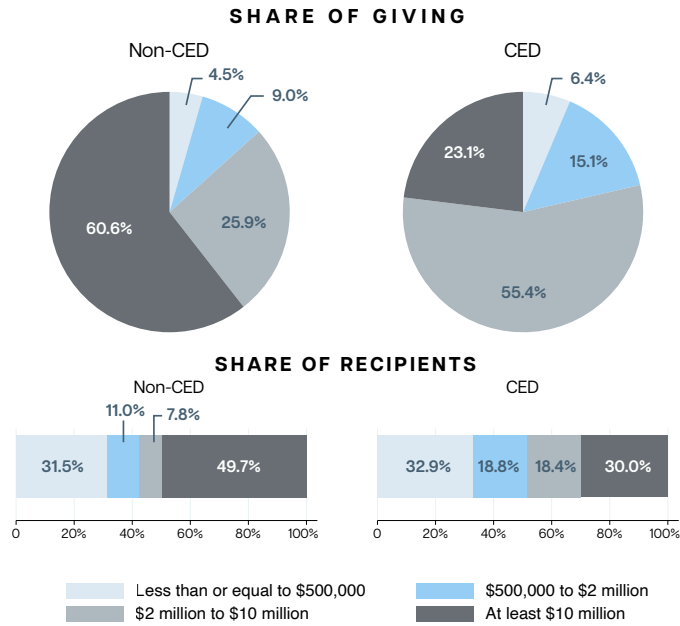
Figure 1: Giving to Non-CED vs. CED Organizations



SOURCES: Candid and authors' calculations.

To understand how grant-based funding was distributed by organizational size, we divided nonprofits into four groups based on annual revenue (Figure 2).⁴ Smaller nonprofits—those with revenue of less than \$500,000—represented about one-third of the total sample, but only received approximately 5% of grant funding. Most of the funding to non-CED nonprofits went to those with annual revenue greater than \$10 million. Meanwhile, most of the grant dollars to CED nonprofits went to those with annual revenue of between \$2 million and \$10 million, even though they comprised less than 20% of all CED nonprofits.

Figure 2: Distribution of Non-CED and CED Organizations by Size (Annual Revenue)

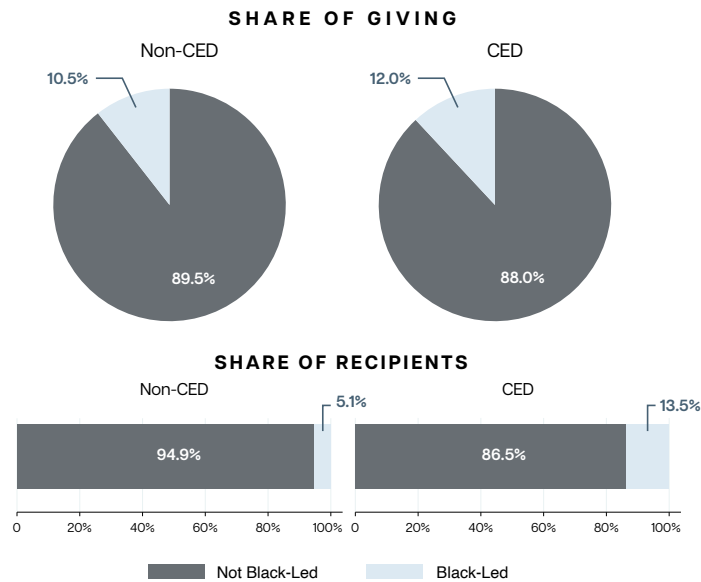


SOURCES: Candid and authors' calculations.

NOTE: Intervals do not overlap and exclude the lower boundary. For example, the \$500,000 to \$2 million range corresponds to amounts greater than \$500,000 and smaller than or equal to \$2 million.

Black-led nonprofits represented only 5.1% of total non-CED nonprofits; however, they received 10.5% of grant funding awarded within this group (Figure 3A). Black-led CED nonprofits represented approximately 13.5% of the total number of CED organizations, and they received a similar share of total awarded grants as their non-CED counterparts did.

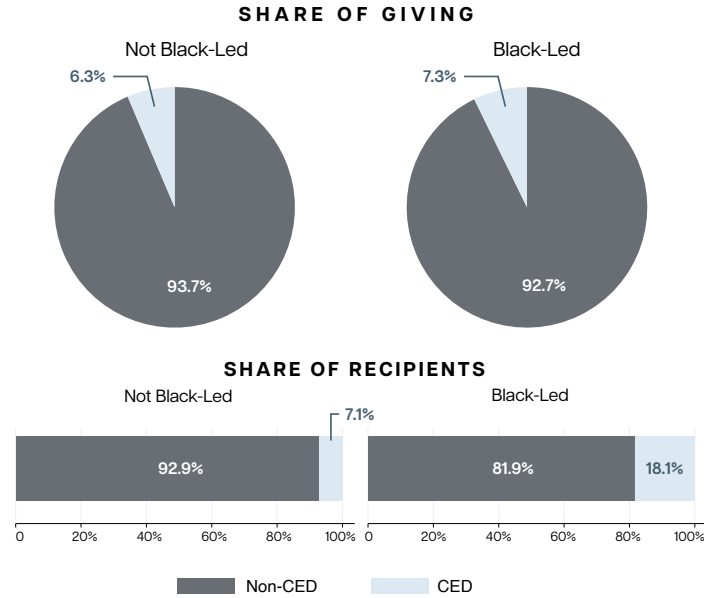
Figure 3A: Giving to Black-Led CED Nonprofits



SOURCES: Candid and authors' calculations.

Analyzed from a different perspective, there seems to be parity when comparing within non-Black-led nonprofits: Those focused on CED received 6.3% of funding while comprising 7.1% of all non-Black-led CED nonprofits (Figure 3B). However, while 18.1% of Black-led nonprofits focused on CED, they only received 7.3% of total giving to Black-led nonprofits.

Figure 3B: Giving to Nonprofits by Leadership Attribute



SOURCES: Candid and authors' calculations.

Distribution of Giving by Grantmaker Characteristics

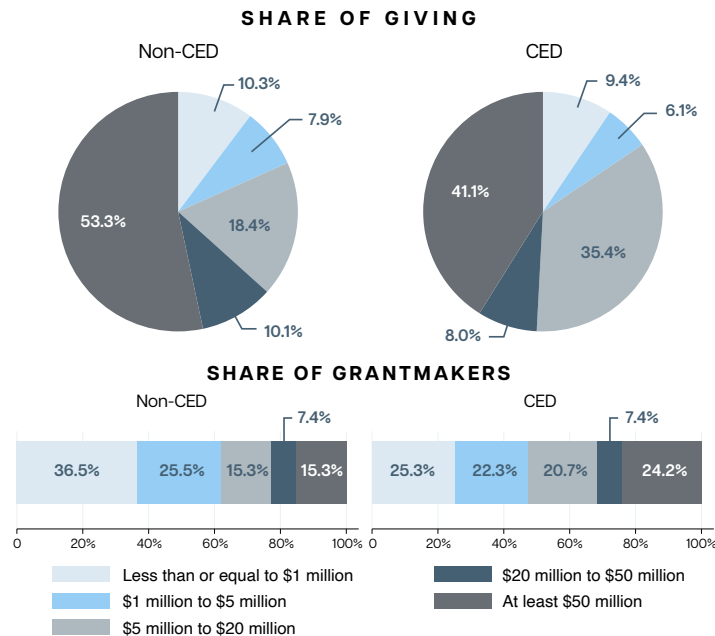
Our data included a total of 3,844 funders that provided grant-based funding to nonprofits in the St. Louis region from 2015 through 2019. A majority of the grantmakers provided funding for non-CED nonprofits, with only 15% awarding grants to St. Louis-area CED nonprofits.⁵

This section focuses on the distribution of grant-based funding based on various grantmaker attributes, including:

- Organizational size (measured in assets)
- Grantmaker type
- Location

To understand the distribution of funding by organizational size, we divided grantmakers into five groups based on total assets (Figure 4). Most of the giving to non-CED and CED nonprofits came from grantmakers with assets above \$50 million. Organizations of this size represented 15.3% and 24.2% of the number of grantmakers giving to non-CED nonprofits and CED nonprofits, respectively. Nearly half of the total number of grantmakers that funded CED nonprofits had assets of less than \$5 million. However, these smaller funders accounted for only 15.5% of total giving to CED nonprofits. Midsize grantmakers—those with assets between \$5 million and \$20 million—provided a considerable amount of funding (35.4%) to CED nonprofits while comprising 20.7% of the total number of grantmakers giving to this group.

Figure 4: Size Distribution (Assets) of Grantmakers



SOURCES: Candid, IRS and authors' calculations.

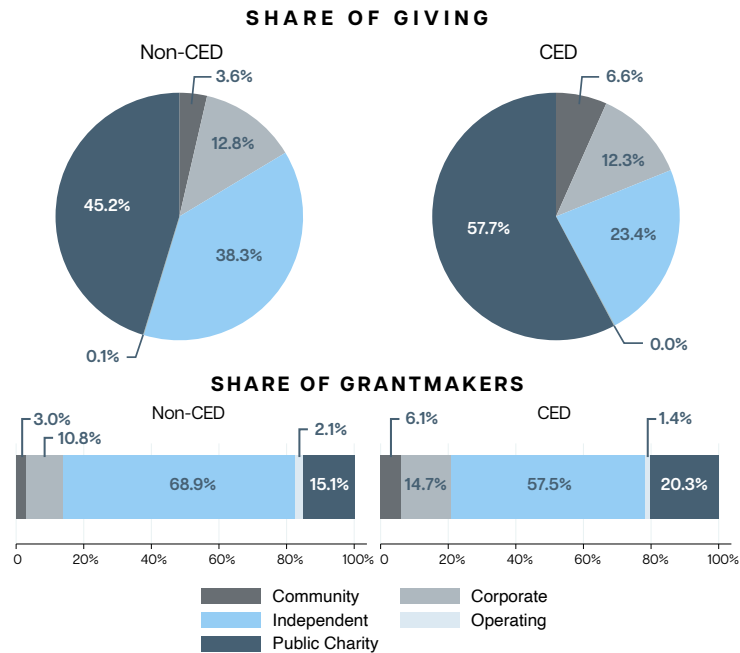
NOTE: Intervals do not overlap and exclude the lower boundary. For example, the \$1 million to \$5 million range corresponds to amounts greater than \$1 million and smaller than or equal to \$5 million.

Grantmakers can be classified into five different types according to how they are funded, governed and operated. These are not legal definitions, but rather descriptive terms used within the field of philanthropy.

Grantmaker Type	Definition
Community Foundation	A charitable organization that provides support for a defined region from funds it administers on behalf of multiple donors
Corporate Foundation	A charitable organization created and financially supported by a corporation
Independent Foundation	A charitable organization typically funded from a single source, such as an individual or group of individuals
Operating Foundation	A charitable organization that uses most of its income to support its own programs or services; for example, the operation of a museum, library or research facility
Public Charity	A charitable organization that uses publicly collected funds to support its initiatives

Public charities and independent foundations provided more than 80% of giving to the recipient nonprofits (Figure 5). Independent organizations comprised more than half of the total number of grantmakers, but they represented a much lower share of total giving. While the shares of giving to non-CED nonprofits were relatively evenly distributed between these two types of funders, public charities represented 57.7% of giving to CED nonprofits, followed by independent foundations at 23.4%.

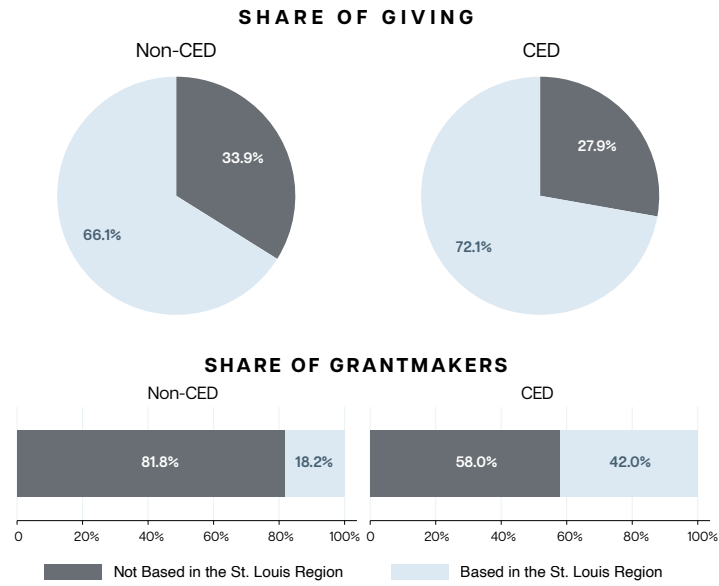
Figure 5: Giving by Grantmaker Type



SOURCES: Candid and authors' calculations.

The physical distance between where grantmakers and recipient nonprofits are located can affect networks and trust, which are critical for capital flows. To measure this effect, the analysis compares local grantmakers with those based outside of the St. Louis region (Figure 6). Overall, while St. Louis-based grantmakers represented less than half of total funders, they were the biggest source of funding for recipient nonprofits. Specifically, 42% of grantmakers to St. Louis-area CED nonprofits were locally based. However, they accounted for 72.1% of giving to recipient CED organizations.

Figure 6: Share of Giving by Grantmaker Location

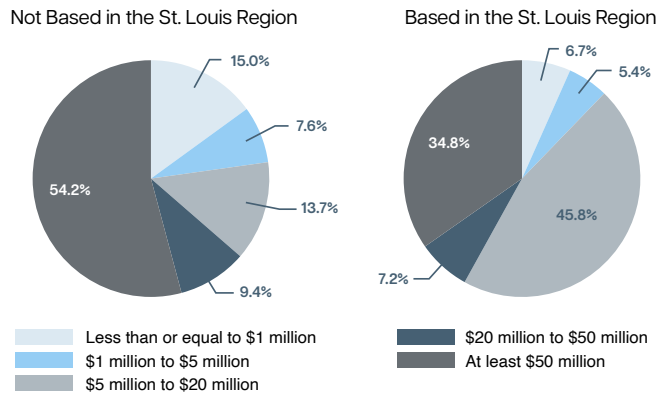


SOURCES: Candid and authors' calculations.

Delving Deeper into CED Giving by Grantmaker Location

Grantmakers based locally in the St. Louis region can differ from grantmakers based outside it. As such, the analysis further examines CED funding by exploring how grantmaker location intersects with grantmaker size and type. Within giving to CED organizations, most local funding (45.8%) came from grantmakers with assets between \$5 million and \$20 million (Figure 7). The biggest proportion of external funding (54.2%) came from very large grantmakers with assets above \$50 million.

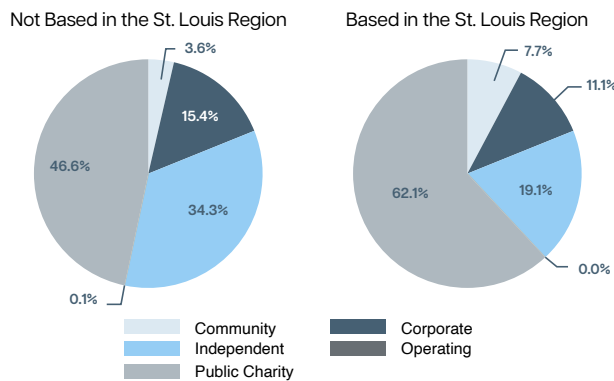
Figure 7: Share of Non-Local and Local Giving to CED Organizations by Grantmaker Size



SOURCES: Candid, IRS and authors' calculations.
NOTE: Intervals do not overlap and exclude the lower boundary. For example, the \$1 million to \$5 million range corresponds to amounts greater than \$1 million and smaller than or equal to \$5 million.

In addition, local grantmakers were more likely to be public charities and less likely to be independent foundations than grantmakers based outside the region (Figure 8).

Figure 8: Share of Non-Local and Local Giving to CED Organizations by Grantmaker Type



SOURCES: Candid, IRS and authors' calculations.

A Closer Look at Giving to Black-Led CED Organizations

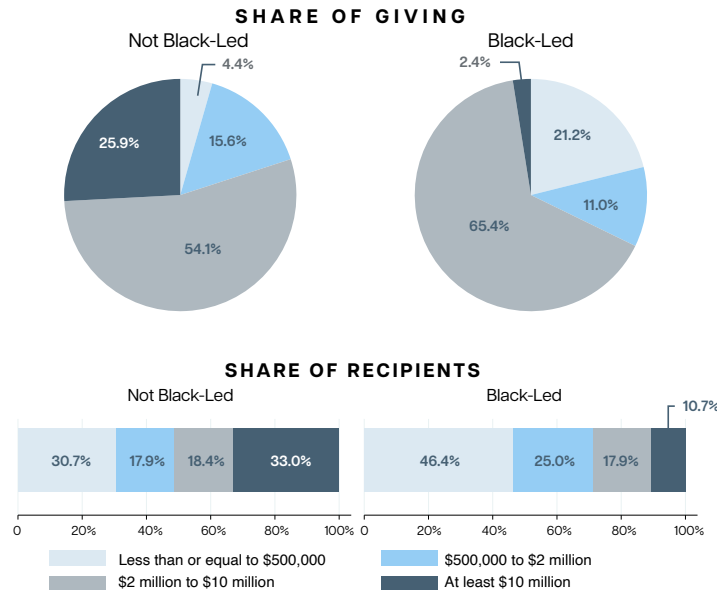
Given [certain challenges raised recently by community development leaders](#) in the St. Louis funding ecosystem, this section delves further into the distribution of funding to St. Louis-area Black-led CED organizations based on:

- Size of recipient (measured in annual revenue)
- Size of grantmaker (measured in assets)
- Location of grantmaker
- Type of grantmaker

Within the CED space, nearly half of Black-led nonprofits had less than \$500,000 in annual revenue, whereas non-Black-led nonprofits of this size comprised less than one-third of organizations (Figure 9). The largest organizations—those with annual revenue of more than \$10 million—represented the largest proportion of non-Black-led nonprofits and the smallest proportion of Black-led nonprofits.

Most giving (65.4%) to Black-led CED nonprofits went to those with \$2 million to \$10 million in annual revenue, even though these organizations represent only 17.9% of the total number of Black-led CED nonprofits. Most giving (54.1%) to non-Black-led CED nonprofits also went to organizations of this size, and such organizations accounted for a similar share (18.4%) of overall non-Black-led CED nonprofits.

Figure 9: Giving to Black-Led CED Organizations by Recipient Size (Revenue)

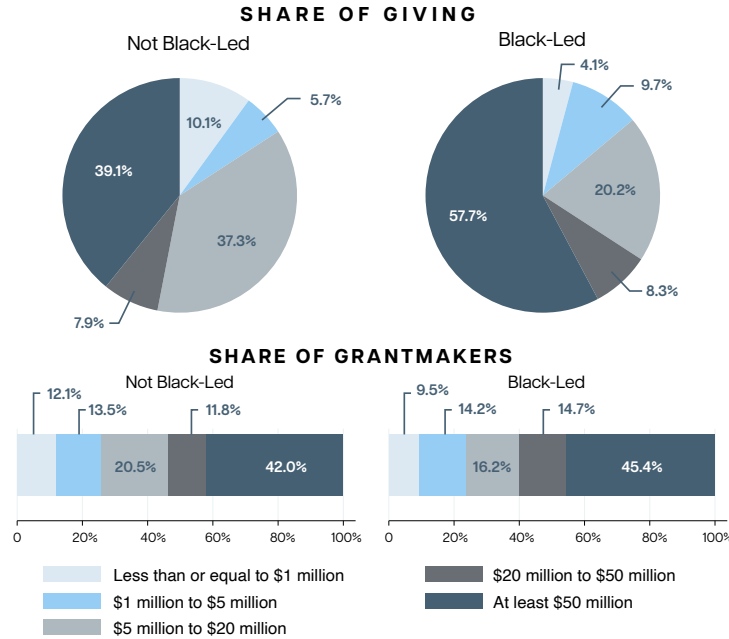


SOURCES: Candid, IRS and authors' calculations.

NOTE: Intervals do not overlap and exclude the lower boundary. For example, the \$500,000 to \$2 million range corresponds to amounts greater than \$500,000 and smaller than or equal to \$2 million.

The largest grantmakers—those with assets above \$50 million—were major funders to both Black-led and non-Black-led organizations (Figure 10). For Black-led CED nonprofits, these grantmakers accounted for well over half of total giving. For non-Black-led CED nonprofits, midsize grantmakers—those with assets of \$5 million to \$20 million—and the largest grantmakers provided approximately equal amounts of funding.

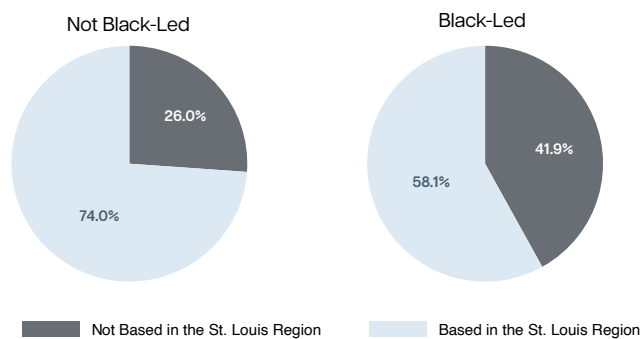
Figure 10: Giving to Black-Led CED Organizations by Grantmaker Size (Assets)



SOURCES: Candid, IRS and authors' calculations.
NOTE: Intervals do not overlap and exclude the lower boundary. For example, the \$1 million to \$5 million range corresponds to amounts greater than \$1 million and smaller than or equal to \$5 million.

While local grantmakers—those based in the St. Louis region—provided 74% of funding to non-Black-led CED nonprofits, they accounted for only 58.1% of funding to Black-led CED nonprofits (Figure 11).

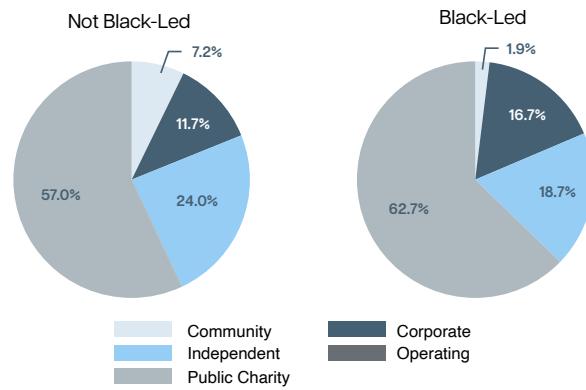
Figure 11: Giving to Black-Led CED Organizations by Grantmaker Location



SOURCES: Candid, IRS and authors' calculations.

Meanwhile, the distribution of funding to St. Louis-area CED nonprofits by grantmaker type was similar whether or not the recipients were Black-led organizations (Figure 12). For example, public charities represented roughly 60% of grantmaking to both non-Black-led and Black-led nonprofits.

Figure 12: Giving to Black-Led CED Organizations by Grantmaker Type



SOURCES: Candid, IRS and authors' calculations.

Concentration among Recipients and Grantmakers

How concentrated was grant-based funding to CED nonprofits in the St. Louis area? This section shows that CED giving appears to be highly concentrated. It also provides a snapshot of the top funding recipients and grantmakers in the area.

As a benchmark, among the top 20 recipients of all grant-based funding in the St. Louis area, only one was a CED nonprofit, and there were no Black-led nonprofits among the top 20 recipients. With respect to grantmakers, 60% of the top 20 grantmakers to all St. Louis-area nonprofits had assets above \$50 million and 60% were locally based.

Table 1 illustrates the top 10 CED recipients of grant-based funding, their leadership, percent of total grant value received and size.

Giving to CED nonprofits was considerably concentrated as well, with the top five CED recipients in the St. Louis area accounting for 45% of total grant value to CED organizations. The top 10 CED recipients received approximately 60% of total grant value, and most had annual revenue between \$2 million and \$10 million. The top 20 CED recipients accumulated almost 75% of total grant value, and only two were Black-led.

Table 1: Top CED Recipients of Grant-Based Funding

Rank	Percent of Total Grant Value	Leadership	Recipient Size (Revenue)
1	15.9%	Non-Black-led	\$2 million-\$10 million
2	10.7%	Non-Black-led	>\$10 million
3	8.1%	Non-Black-led	\$2 million-\$10 million
4	6.8%	Non-Black-led	>\$10 million
5	3.9%	Non-Black-led	\$2 million-\$10 million
6	3.2%	Black-led	\$2 million-\$10 million
7	3.2%	Non-Black-led	\$2 million-\$10 million
8	2.9%	Non-Black-led	\$2 million-\$10 million
9	2.7%	Black-led	\$2 million-\$10 million
10	2.6%	Non-Black-led	\$2 million-\$10 million

SOURCES: Candid, IRS and authors' calculations.

Table 2 shows the top 10 grantmakers to CED nonprofits in the St. Louis area, their location, type, percent of total grant value distributed and size.

Grantmaking to CED nonprofits was also concentrated. Out of nearly 200 grantmakers, the top five accounted for 81% of total giving to St. Louis-area CED organizations. Four of these top five grantmakers had assets of above \$50 million.

Table 2: Top Grantmakers to St. Louis-Area CED Organizations

Rank	Percent of Total Grant Value	Location	Type	Grantmaker Size (Assets)
1	23.0%	St. Louis	Public Charity	>\$50 million
2	22.6%	Outside St. Louis	Public Charity	>\$50 million
3	13.8%	St. Louis	Independent	>\$50 million
4	12.9%	Outside St. Louis	Independent	>\$50 million
5	8.9%	St. Louis	Public Charity	\$5 million-\$20 million
6	3.0%	Outside St. Louis	Independent	\$20 million-\$50 million
7	2.2%	Outside St. Louis	Public Charity	<\$1 million
8	1.7%	St. Louis	Public Charity	<\$1 million
9	1.1%	Outside St. Louis	Public Charity	>\$50 million
10	0.8%	Outside St. Louis	Public Charity	>\$50 million

SOURCES: Candid, IRS and authors' calculations.

Conclusion

This report presents novel analysis on grantmaking to CED organizations in the St. Louis area. We find that 6% of philanthropic funding in the St. Louis area went to CED nonprofits that provide critical services to LMI communities. Giving to CED nonprofits appears to be highly concentrated, with the top five CED recipients securing 45% of total grant dollars and the top five CED grantmakers accounting for more than 80% of total giving.

Furthermore, this report presents supportive evidence that further work is necessary to increase our understanding of giving to Black-led CED nonprofits. While grantmakers in the region provided 72.1% of grant dollars to St. Louis-area CED nonprofits overall, only 58.1% of funding to Black-led CED nonprofits was locally sourced. In addition, nearly 20% of Black-led nonprofits focused on CED. However, they received only 7.3% of giving to all Black-led nonprofits.

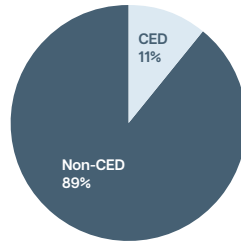
The goal of this report is to inform community and economic development practitioners, funders and researchers about the flow of grant-based funding in the region. A further understanding of the factors behind the funding landscape as it is described in our analysis could be beneficial to fostering economic resilience and mobility in LMI communities.

Notes

- ¹ This report focuses on Black-led nonprofits because Black residents make up the largest nonwhite population in the St. Louis region.
- ² These counties are Bond, Calhoun, Clinton, Jersey, Macoupin, Madison, Monroe and St. Clair counties in Illinois and the city of St. Louis and Franklin, Jefferson, Lincoln, St. Charles, St. Louis and Warren counties in Missouri.
- ³ IRS data show that CED organizations comprised 11% of all nonprofits in the St. Louis region (see Figure A1 in the appendix).
- ⁴ Our sample includes more large organizations and fewer small organizations relative to the overall size distribution of nonprofits (see Figure A2 in the appendix). This holds for both CED and non-CED nonprofits.
- ⁵ Approximately 7% of grantmakers funded CED organizations as well as other nonprofits.

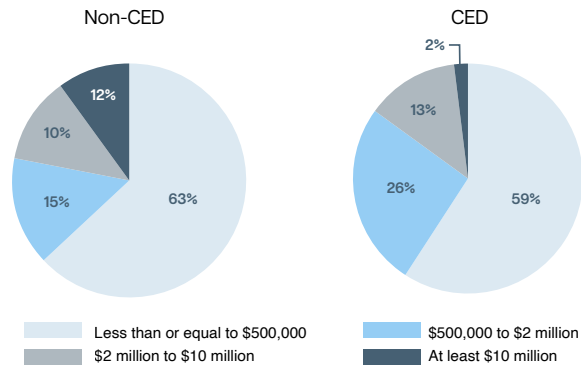
Appendix: Distribution of Nonprofit Organizations in the St. Louis Area

Figure A1: Share of Non-CED and CED Organizations in the St. Louis Region



SOURCES: IRS Business Master File and [National Center for Charitable Statistics Data Archive](#).

Figure A2: Distribution of Non-CED and CED Organizations by Size (Annual Revenue)



SOURCES: IRS Business Master File and [National Center for Charitable Statistics Data Archive](#).
NOTE: Intervals do not overlap and exclude the lower boundary. For example, the \$500,000 to \$2 million range corresponds to amounts greater than \$500,000 and smaller than or equal to \$2 million.