

## Corporate Contributions Rise Again

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Total corporate contributions in the U.S. and abroad (among 189 major corporations and corporate foundations) amounted to \$10.2 billion in 2006, up from \$9.8 billion in 2005, The Conference Board reports today in its annual survey of corporate giving to worthy causes.

Total U.S. giving among 189 corporations polled was \$7.9 billion. This represents 62 percent of the overall estimated \$12.72 billion in corporate charitable giving in the U.S. in 2006.

Corporate U.S. giving ranged from a low of \$72,200 to a high of \$916.17 million in 2006, with median U.S. contributions at \$10.7 million compared with \$8.7 million in 2005.

The Conference Board study also compared U.S. giving among 146 corporations and foundations between 2005 and 2006 and found that their contributions to worthy causes decreased by 6.3% from \$7.2 billion in 2005 to \$6.7 billion in 2006. Median U.S. giving among this group also declined from \$49 million in 2005 to \$46 million in 2006. These matched cases provide the most accurate analysis of year-to-year trends in U.S. giving.

Reflecting the increased global reach of business operations, international grantmaking is emerging as an increasingly significant component in the giving programs of many large companies. Total overseas charitable contributions (as reported by 88 companies surveyed) soared in 2006-their total reaching \$2.3 billion. Median contributions rose substantially from \$1.65 million in 2005 to \$2.8 million in 2006. International contributions measured as a median percent of consolidated pretax income also rose dramatically-from less than 0.01 percent in 2005 to 0.12 percent in 2006.

### Health and Human Services Remains Top Beneficiary

Although health and human services continued to lead as the top ranking recipient of corporate support in 2006, the share of U.S. contributions directed to this area fell 7.6 percentage points from 2005 to 53.4 percent, its first decline in five years. The drop is due partly to a realignment of grantmaking priorities after an unprecedented outpouring of corporate support for disaster relief efforts in late 2004 and in 2005.

Education, on the other hand, is gaining in importance as a beneficiary category for companies and corporate foundations. For the first time since 1999, survey participants reported an upturn in the share of U.S. contributions allocated to education-up 7.1 percentage points from 2005, to 17.8 percent.

### Pharmaceutical Companies are Top Donors

“Bolstered by exceptionally large non-cash gifts, pharmaceutical companies continued to dominate as the top donor industry in the U.S.,” says Carolyn Cavicchio, Senior Research Associate, The Conference Board Center for Corporate Citizenship & Sustainability. “Their U.S. contributions outpaced all other industry groups substantially with respect to actual dollars and goods.”

For pharmaceutical companies, the median ratio of contributions to consolidated pretax income was 7.03 percent, compared to the overall 0.71 percent; the median ratio of contributions to worldwide sales was 1.45 percent, compared to the overall 0.08 percent; and median ratio to the number of employees was \$12,273 per employee, compared to the overall \$449.

The survey also reports:

Among the 76 companies and corporate foundations that provided forecasts of their international cash giving for 2007, cash giving is expected to rise by a median of 1 percent, and according to 61 companies, non-cash contributions budgets are expected to remain unchanged.

In a continuation of historical trends, a major portion of international contributions made by manufacturing companies consisted of non-cash gifts (74 percent).

On the other hand, the services sector contributed nearly 80 percent of its funds in cash donations through corporate foundations, with close to half of the share distributed directly through regional foundations abroad and nearly one-third through foundations at corporate headquarters in the U.S. U.S. corporate contributions as a median percent of U.S. pretax income increased to 1.16 percent in 2006, compared with 1.01 percent in 2005, keeping pace with corporate profits. But they have not rebounded to the approximate level of 1.61 percent between 2002 and 2004.

The ratio of U.S. contributions measured as a median percent of worldwide sales was at 0.12 percent in 2006, which is a slight rise from 0.10 percent in 2005, but still below the level of 0.14 percent in 2004.

In 2005, median total (U.S. and international) contributions per worldwide employee were \$449, a small increase of \$15 per employee from 2005.

The compositional breakdown of cash and non-cash gifts remained largely unchanged from 2005 to 2006. Continuing the trend of the past four years, non-cash gifts-including company products, property, equipment, and other material donations-made up the largest portion of all corporate contributions in the U.S. This category alone accounted for half of overall giving. Company direct cash contributions (25 percent) and cash donations made through corporate foundations (25 percent) accounted for the other half.

The Conference Board 2006 survey of corporate contributions was conducted via e-mail and U.S. postal mail between February and July 2007.

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Read this report

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