

# THE CHRONICLE OF PHILANTHROPY

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NEWS AND ANALYSIS

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## Cash Giving From Businesses Edges Up, Chronicle Survey Shows

By Alex Daniels and Peter Olsen-Phillips

Big companies increased their cash donations to charitable causes by 2 percent in 2015, much of it driven by gifts from financial institutions and drug companies, according to a survey by *The Chronicle*.

The 68 corporations in the report gave a total of \$4.8 billion in cash donations. Of those, 16 made contributions totaling more than \$100 million each. The median portion of pre-tax profits donated was 1 percent.

The largest cash donor was Gilead Sciences, a pharmaceutical company that gave nearly \$447 million to charities that advance medical education, reduce health-care disparities, support local communities, and provide access to medicine.

The other top cash givers were Walmart, at \$301 million; Wells Fargo, \$281 million; Goldman Sachs, \$276 million; and ExxonMobil, \$268 million.

The survey also found:

- Most companies gave less than 1 percent in cash relative to their pre-tax profits, but a few stood out for giving substantially more. General Mills gave 6 percent, and Chevron gave 5 percent. Nationwide and Xerox each gave 4 percent.
- Two companies, ConocoPhillips and Sears, made significant cash donations despite posting huge losses in 2015.
- Sixteen companies gave more cash in 2015 than they gave in 2014, despite lower

profits.

- Thirty-one companies gave to community projects, making them the most popular giving priority, followed by secondary education and higher education.
- Pharmaceutical companies continued to lead the way in in-kind giving, donating huge amounts of their products. Topping the list were Pfizer, at \$3.1 billion, Gilead Sciences, \$1.9 billion, and Merck, \$1.7 billion.
- Five of the 10 largest cash donors on *The Chronicle's* list are financial institutions. In addition to Wells Fargo and Goldman Sachs, JPMorgan Chase gave \$236 million; Bank of America gave \$168 million, and Citi gave \$143 million.

## Dealing With an Image Problem

The banks have something else in common: All are parties to billion-plus dollar settlements with the U.S. government for their role in the financial meltdown, and they appear eager to use their charitable activities to help restore their standing with the public.

Wells Fargo has pledged more than \$1 billion in charitable gifts over the next five years. In April, it announced a corporate social-responsibility plan that will account for a big share of the pledge. The plan includes a focus on strengthening communities. "You don't see a strong bank in a weak community," said Mike Rizer, the bank's head of community relations and development.

By the end of 2020, Wells Fargo plans to donate a total of more than \$665 million to projects that promote social inclusion of minorities, provide people with economic opportunities, and improve the environment.

On top of the philanthropic gifts, the company aspires to use all of its business divisions to generate social change. That means, for example, extending \$150 billion in mortgages to minority households and earmarking 15 percent of its procurement budget toward businesses that are women- or minority-owned.

The role of banks in the financial meltdown helped spark a commitment by Citi to ingrain philanthropy in all corners of its corporate work, according to Brandee McHale, president of the Citi Foundation.

"The financial crisis created a moment in time where people questioned the value of banks in our society," she said. "We're working hard to not only communicate but to demonstrate proof points of how a strong financial system is a critical piece of a thriving

economy and society."

*The Chronicle* surveyed all of the largest 150 U.S. Companies, as ranked by *Fortune* magazine. The survey responses were supplemented with data from tax filings. The results include data from 68 companies, including 13 of the 25 largest ones. Full results of the survey are available in an interactive database available to *Chronicle* subscribers.

## **Losing but Still Giving**

Two companies made significant cash donations despite posting huge losses in 2015. ConocoPhillips, which declined to comment, suffered a pretax loss of \$7.2 billion and made \$44 million in charitable donations.

Sears, which also owns Kmart retail stores, lost \$1.4 billion last year and has undergone several rounds of layoffs.

Yet the retail chain made \$26.2 million in donations, largely to two longtime grantees, the March of Dimes and the St. Jude Children's Research Hospital.

Customers at the stores and members of a rewards program called Shop Your Way fuel much of the giving. For instance, last year Kmart donated \$1 from the sale of every \$5 "giving hat" — wool caps with positive messages like "smile" on them — to St. Jude. Last year during the holiday season, Kmart sold more than 105,000 hats, which contributed to the \$16 million the company gave to the hospital last year.

"We focus our charitable contributions with the hope of ultimately impacting as many lives as possible," said Brian Hanover, a spokesman for Sears Holdings. "We owe the success of these programs to the dedication, loyalty, and generosity of our Shop Your Way members and customers and associates. They know that many people giving just small amounts can really add up."

Since the great recession, corporate-giving departments are less vulnerable to cutbacks, even in companies feeling a financial pinch, according to Carmen Perez, director of evaluation and data insights at CECP, a coalition of corporate executives focused on promoting the common good. That's because corporations increasingly see philanthropy as a way to boost their bottom line and as "a business unit that's core to how they express their purpose and values," she said.

## **Donating Medications**

As they have in previous years, pharmaceutical companies continue to lead the way in donations of goods and services. For example, Gilead Sciences, which led all surveyed companies in cash giving, donated more than \$2.4 billion when gifts of drugs, supplies, and services are included. Two other drug companies, Pfizer and Merck, also each gave away more than \$1 billion in products.

Korab Zuka, a spokesman for Gilead Sciences, declined to provide a full list of the company's contributions, but it included \$100,000 to support East Bay Legal Services, which provides legal representation to low-income residents of the San Francisco Bay Area, and \$2 million to construct a new liver treatment center in Kolkata, India.

"Our grants program is reactive," Mr. Zuka said. "We're responding to what organizations are telling us they need."

Five companies — Pfizer, Gilead, Merck, Walmart, and Google — each donated more than \$1 billion in products and services, including software, drugs, food, and volunteer service.

While those gifts can help in the short term, they don't often provide what nonprofits need the most, said Niki Jagpal, research and policy director at the National Committee for Responsive Philanthropy.

They need to keep the dollars flowing," she said. "Nonprofits are often strapped for cash."

Even when they give cash, drug companies have still found themselves under fire. Bloomberg Businessweek magazine last month published a scathing investigative story about drug-industry donations. The story says that pharmaceutical companies often ratchet up the price of certain drugs, then donate cash to nonprofits that help patients cover the costs of their Medicare or insurance co-payments for medications they need. The donations, which are often tax-deductible, help maintain a strong market for those costly treatments, fostering a system where "expensive drugs keep getting more expensive," the magazine says.

In a follow-up report, Bloomberg said that three pharmaceutical companies — Biogen, Jazz Pharmaceuticals, and Gilead Sciences — have been subpoenaed as part of a federal investigation of the industry's relationship with the nonprofits, known as co-pay charities.

*Note: General Mills has revised its figures from 2013 through 2015. As a result, in 2015 it gave 6 percent of cash relative to pre-tax profits, not 7 percent. Also, 68 companies in the report gave a total of \$4.8 billion, rather than 65 companies giving \$4.7 billion.*

*Send an email to Alex Daniels and Peter Olsen-Phillips.*

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