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# Community Foundations in West Virginia<sup>1</sup>

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## Introduction

This report is part of an ongoing investigation of the support of neighborhood associations by community foundations in three states – Michigan, New Mexico and West Virginia. I first learned of this study through an email message inviting collaboration circulated to the CGAP-L discussion list.

West Virginia might be thought of as that irregularly shaped state *in between*. In one direction, it is between North and South; in another it is between East and Midwest. John Fenton (1957) characterized West Virginia along with Maryland, Kentucky and Missouri as border states, forming the border between North and South. Part of the northern border of West Virginia is, in fact, a segment of the Mason-Dixon line. Closely associated with coal mining in the national culture, West Virginia has undergone several revolutionary economic, social and political transformations over the past century (Lohmann, 2000). Initially a land of subsistence farming first settled by village dwelling Native Americans the first European settlers in the region in the 17<sup>th</sup> and 18<sup>th</sup> centuries were Scotch-Irish and German immigrants who adopted a way of isolated living similar in many ways to the prior inhabitants. Beginning after the Civil War, large portions of the state were clear-cut in a timber boom that lasted from roughly the 1880s to the 1920s. (Lewis, 1998) Subsequently, natural gas and oil reserves were discovered, exploited and in some cases, depleted. Even so, one can still see small, working oil and gas wells all over western West Virginia today. But the greatest economic impacts upon the state came with the rise and transition of coal mining.

## Employment in West Virginia

Through the first half of the twentieth century, coal was responsible for vast economic expansion, extensive immigration especially from southern and eastern Europe, and the development of an exploitive economy in which workers lived in company owned and operated towns, in company houses and shopped in company stores. At its peak during World War II, more than 210,000 miners were employed in West Virginia, and the total population of the state was approximately 10% greater than it is today – over two million people.

While West Virginia still occupies a somewhat contradictory niche in national mythology as simultaneously the land of holler-dwelling mountaineers and coal-

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camp miners, the present realities of employment and ways of living in West Virginia are both different and more complex. Clear-cutting of the forests destroyed the complex ecology of forest agriculture, and with it all but a few surviving vestiges of the mountaineer way of life (See Lohmann, 2000). Depletion of gas and oil resources – before the emergence of new “fracking” methods – and the development of automated, long-wall and surface mining mean that the numbers of jobs in all extractive industries, as well as railroads used to remove the resources are vastly fewer than they once were. As Table 1 shows, there are fewer than ten percent of the number of coal miners employed in the state as there were at the wartime peak fifty years ago. Moreover, miners currently account for only 2.8% of total state employment. Likewise, major steel, glass, and other manufacturing industries in the north western quadrant of the state have declined or disappeared, with the result that manufacturing accounts for only about 11 percent of total employment in West Virginia today.

As those figures make clear, West Virginia has made a major transition to a service economy, with more than 80 percent of all current jobs in the state in service industries. Today, for example, there are nearly three times as many health care workers as coal miners in West Virginia, and there are even several thousand more social service workers than miners currently employed in the state. Even the number of employees in an ambiguous category of “membership organizations” which includes churches is also nearly three times the number of coal miners. Likewise, the company store is no more and more than one-fifth (22.3 percent) of all employment in the state is in wholesale and retail trade. The transformation of state employment to a service economy has been accompanied by an equally momentous growth of a large aged population and a large nonprofit sector.

**Table 1**  
**West Virginia Labor Force**  
**July, 2001**

Sector	No. of Jobs	Pct.
TOTAL NONFARM PAYROLL	740,500	100%
GOODS PRODUCING	136,400	18.42%
Mining	20,400	2.8%
Coal Mining	15,500	2.1%
Oil & Gas Extraction	3,800	.5%
Other Mining	1,100	.14%
Construction	35,100	4.7%
Manufacturing	80,900	10.9%
SERVICE PRODUCING	604,100	81.58%
Transportation & Public Utilities	37,800	5.1%
Wholesale & Retail Trade	164,900	22.3%
Finance, Insurance & Real Estate	29,600	3.9%
Services	226,800	30.6%
Health Services	72,900	9.8%
Legal Services	5,600	.75%
Educational Services	6,500	.88%
Social Services	19,800	2.6%
Membership Organizations	38,000	5.1%
Government	138,500	18.7%
Federal	22,000	2.8%
State	43,300	5.7%
Local	76,600	10.2%

Source: West Virginia Bureau of Employment Programs. September 2001 Economic Summary. Charleston WV.

## The Nonprofit Sector in West Virginia

One of the numbers people in ARNOVA would be very interested in would be the number of nonprofit employees in the state. A search of Guidestar on October 23, 2001 identified 5,733 nonprofit organizations in West Virginia. Of these, 5,435 were identified as public charities (roughly, 501-c-3's), fourteen (14) private operating foundations and 277 private non-operating foundations (with 7 NOC). At the same time, a somewhat larger 472 organizations had the term *foundation* in their name.

## Community Foundations

The Foundation Center defines a foundation as “an entity that is established as a nonprofit corporation or a charitable trust, with a principal purpose of making grants to unrelated organizations or institutions or to individuals for scientific, educational, cultural, religious, or other charitable purposes.” (Foundation Center, 2000) Foundations in the United States come in two basic types: private and public. “The most common distinguishing characteristic of a private foundation is that most of its funds come from one source, whether an individual, a family or a corporation.” In the IRS nomenclature, all 501(c) 3 organizations are presumed to be private foundations, unless they can meet at least one of four criteria (FDC webpage 1) Thus, public foundations are a residual category of foundations meeting one or more of those IRS criteria. According to the Foundation Center, “community foundations are the best established category of public foundations.” (FDC webpage 1)

“Community foundations receive funds from a variety of sources, including in some instances, private foundations. They make grants primarily in support of the broad public needs of the geographic community or region in which they are located. Their investments are normally managed by several investment firms, and their endowments are often composed of a wide assortment of individual funds, which may bear the donor's name. Their grantmaking activities are overseen by the governing body or by a distribution committee representative of various community interests, and grants are normally limited to charitable organizations within a particular city, county, state, or other geographically defined area.” (FDC webpage 1)

In many respects, community foundations in West Virginia and elsewhere are still relatively “small potatoes” as foundations go. In 1998, there were an estimated 47,000 independent, corporate, community and grant-making operating foundations with combined assets of \$385.1 billion in the United States. Of these, there were only an estimated 472 community foundations (.92% of the total of all foundations) with assets of \$23.0 billion (.597% of the total) and grant distributions of \$1.4 billion (6.1% of assets). Although the basic phenomenon dates to the development of the first community foundation (in Cleveland in 1920), Table 2 below shows that most of these foundations in West Virginia date from the decades after 1980, with two exceptions.

According to Deborah Faber, President of the West Virginia Consortium of Community Foundations, there were 22 community foundations in the state in late 2000. Table 2 shows the cities in which they are located, the year they were ruled tax-exempt by the IRS, and their total assets. It also identifies those located in the core cities of census-defined metropolitan statistical areas (MSA).

**Table 2 Community Foundations in West Virginia**

City	Ruling Year	Report Year	Assets	MSA
Beckley	1985	1999	\$ 9,892,247	N
Belington	1997	1998	\$ 47,974	N
Bluefield	1993	1999	\$ 899,316	N
Buckhannon	1989	1999	\$ 74,734	N
Charleston	1965	1999	\$ 95,168,297	Y
Clarksburg	1996	-	-	N
Fairmont	1999	-	-	N
Hinton	1992	1998	\$ 990,614	N
Huntington	1987	1999	\$ 79,846	Y
Huntington	1937	1999	\$6,628,881	Y
Lewisburg		1999	\$0	N
Logan	1997	1999	\$ 261,974	N
Martinsburg	1995	1998	\$ 820,064	N
Morgantown	1991	1998	\$ 286,117	N
Parkersburg	1965	1999	\$ 8,343,344	Y
Princeton	1999	1999	\$ 39,879	N
Weirton	1986	1985	-	Y
Wheeling	1976	1998	\$ 10,575,191	Y

**Table 2**  
**Proportion of Community Foundations to Total U.S. Foundations, (1998)**

		Foundations	CFs	Pct. Of CFs
United States		47,000	437	.93
West Virginia	By name	472	22	.46
West Virginia	By classification	291	22	.76

Tables 3 and 4 below shows that most of the community foundations in the state are located in the largest communities and in communities that account for roughly half of the state's population.

**Table 3**  
**WV Counties with Largest Population, 2000**

	County	Population (50,000 or more)	Pct. of State Total
A	Kanawa	200073	11.06%
A	Cabell	96784	5.35%
A	Wood	87986	4.87%
A	Monongalia	81866	4.53%
A	Raleigh	79220	4.38%
A	Berkeley	75905	4.20%
A	Harrison	68652	3.80%
A	Mercer	62980	3.48%
A	Marion	56598	3.13%
B	Putnam	51589	2.85%
	Total City	861653	47.65%
	Mean City	86165.3	
		1808344	100.00%

A = Central City  
County  
B = County Adjoins  
Central City County

**Table 4****WV Counties With Major Towns**

A	Fayette	47579	2.63%
A	Ohio	47427	2.62%
B	Wayne	42903	2.37%
A	Jefferson	42190	2.33%
B	Logan	37710	2.09%
A	Marshall	35519	1.96%
	Greenbrier	34453	1.91%
A	Hancock	32667	1.81%
A	Preston	29334	1.62%
	Randolph	28262	1.56%
	Mingo	28253	1.56%
	Jackson	28000	1.55%
B	McDowell	27329	1.51%
	Mineral	27078	1.50%
	Nicholas	26562	1.47%
	Mason	25957	1.44%
B	Wyoming	25708	1.42%
B	Boone	25535	1.41%
A	Brooke	25447	1.41%
	Upshur	23404	1.29%
	Lincoln	22108	1.22%
A	Hampshire	20203	1.12%
	Total Town	683628	37.80%

At the same time, Table 5 shows that of the 23 (of a total of 55) most rural counties in the state, only two are covered by existing community foundations. Both of those are located in proximity to Parkersburg, where the community foundation has actively pursued (and publicized) a multi-county regional approach to its vision of community. (Since this study at least one other rural county – Preston – has been brought into a similar regional alignment with Morgantown and Monongalia County – following the example of the by-county United Way which the author was involved in initiating. I could find no evidence during the study that the pioneering example of such multi-county regional strategies in West Virginia – the four-county United Way of the Charleston area – had extended that concept to its community foundation.



**Table 5**  
**23 Most Rural WV Counties**

	County	Population 20,000 >	Pct. Of State Total
	Wetzel	17693	0.98%
	Lewis	16919	0.94%
B	Taylor	16089	0.89%
	Barbour	15557	0.86%
	Roane	15446	0.85%
	Morgan	14943	0.83%
	Braxton	14702	0.81%
	Monroe	14583	0.81%
	Summers	12999	0.72%
	Hardy	12669	0.70%
	Grant	11299	0.62%
	Ritchie	10343	0.57%
	Clay	10330	0.57%
	Webster	9719	0.54%
	Tyler	9592	0.53%
	Pocahontas	9131	0.50%
	Pendleton	8196	0.45%
	Calhoun	7582	0.42%
	Pleasants	7514	0.42%
B	Doddridge	7403	0.41%
	Tucker	7321	0.40%
	Gilmer	7160	0.40%
	Wirt	5873	0.32%
	Total Rural	263063	14.55%

## Conclusion

Community foundations are part of the basic social fabric of modern urban West Virginia. Their development deserves further investigation by third sector scholars and researchers, as does the entire subject of the philanthropy of community foundations. Still small and with limited assets, the 22 West Virginia community foundations will undoubtedly be important facts of urban social life and social welfare in the mountain state of the future.



## Appendix A

# Funds in a Typical Community Foundation

### General Fund

The general fund of a community foundation serves as a primary vehicle for the expression of community foundations: It is usually the destination of smaller donations (often, less than \$10,000) and funds not earmarked for special purposes. General funds are usually held as endowments for investment with proceeds from investments (interest and dividends) given out in grants approved by the board of the community foundation.

### Special Purpose (Dedicated) Funds

Community foundations may create one or many special funds. There are two factors which usually determine the creation of such special funds: The size of a donation and restrictions established by the donor as a condition of the gift. Many community foundations set \$10,000 as the minimum amount necessary for creation of a special fund.

### Field of Interest Funds

Another common type of special fund among community foundations is field of interest funds. In this case, donations may go to support specific efforts in local history, conservation, recreation, youth, or some other specific field of interest of donors.

### Donor-Advised Funds

This type of fund allows donors to be actively involved in recommending grants from the fund that they established. Donor advised and designated funds are often also field of interest funds.

### Donor-Designated Funds

This type of fund is one based on a restricted gift in which the donor designated that funds be spent for a specific type of organization or program. Thus, a donor might give \$20,000 to support drama clubs or shop classes in local high schools. Under the law, community foundation trustees, like officials of all organizations accepting donations, are required when they accept a donation to heed such expressed wishes of donors.

### Agency Endowment Funds

A type of donor-designated fund in which a specific organization or agency is named as the intended beneficiary of funds.

### Scholarship Funds

One of the most frequently cited special funds in community foundations is the college scholarship fund awarded to local residents.

**Builders' Funds**

Some donors give funds in smaller amounts over a period of years. Before such donations reach the minimum amount necessary to establish a separate fund, they may be held in a special fund known as a builder's fund.

**Administrative Funds**

Some donors choose to give funds for the specific purpose of supporting the administrative and operating costs of the foundation, since they know many donors object to their donations going to such seemingly non-programmatic purposes.

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