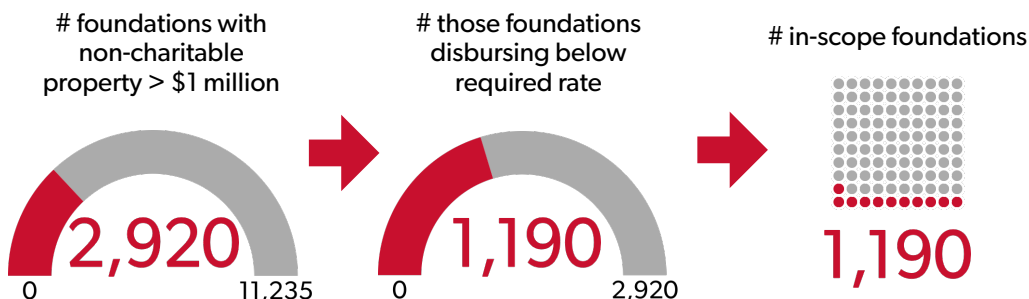


A RISING TIDE? EARLY EVIDENCE ON DQ CHANGE

From January 1st, 2023 charities with \$1 million or more of non-charitable property are required to spend more on their charitable activities, gifts, and grants. Below, we look at how foundations affected by the new rules have changed their disbursements in the first year of the policy.

IDENTIFYING IN-SCOPE FOUNDATIONS

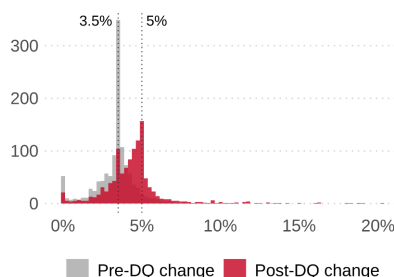
Foundations with more than \$1 million in property not directly used in charitable activities or administration and disbursing below their new required rate prior to the change are considered in-scope for our analysis.



DISBURSEMENT RATE CHANGES

80% of in-scope foundations increased their disbursement rate

On average, in-scope foundations increased their disbursement rate by **1.6%**.

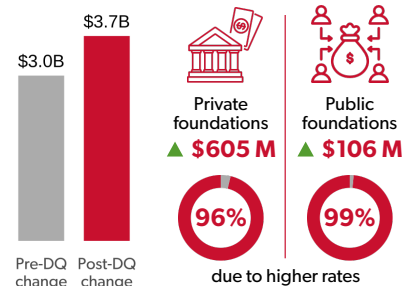


MONETARY IMPACT

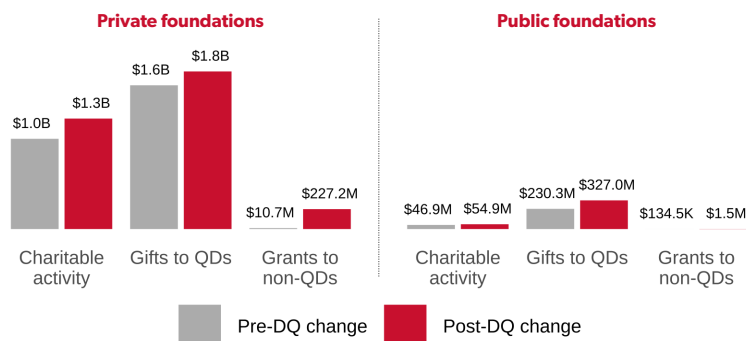
Disbursements of in-scope foundations increased by:

\$711 million

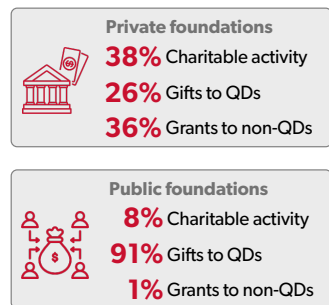
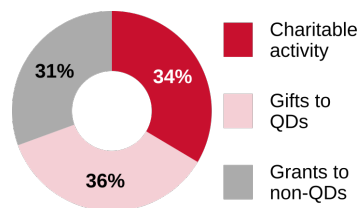
97% of increase due to higher disbursement rates



CHANGES TO DISBURSEMENT PATTERNS

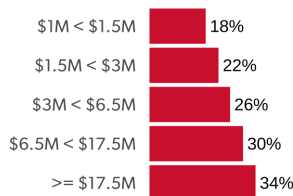
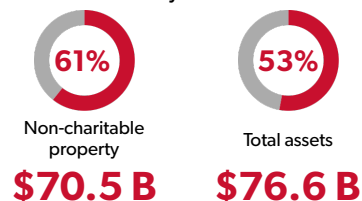


The increase is divided fairly evenly across disbursement categories.



CHARACTERISTICS OF IN-SCOPE FOUNDATIONS

In-scope foundations account for most of the non-charitable property and assets held by foundations.



Foundations with larger assets are more likely to be in-scope for the DQ change.

COMPUTING REQUIRED DISBURSEMENT RATES

Every foundation with more than \$1 million in non-charitable property has its own required disbursement rate, based on the value of non-charitable property held:

Value of non-charitable property:	\$1.5 million	\$3 million	\$6 million
3.5% of first \$ million	\$35,000	\$35,000	\$35,000
5% of amount above \$1 million	\$25,000	\$100,000	\$250,000
Total required disbursement:	\$60,000	\$135,000	\$285,000
Required disbursement rate:	4%	4.5%	4.75%

