

*Indiana Youth Institute:
Kids Count Conference*

Presented by

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Giving USA Report

For Year
2008

Total Giving

(In billions of current dollars)

\$307.65

% of Total

Giving by Source

Individuals	229.28	75%
Bequests	22.66	7%
Foundations	41.21	13%
Corporations	14.50	%

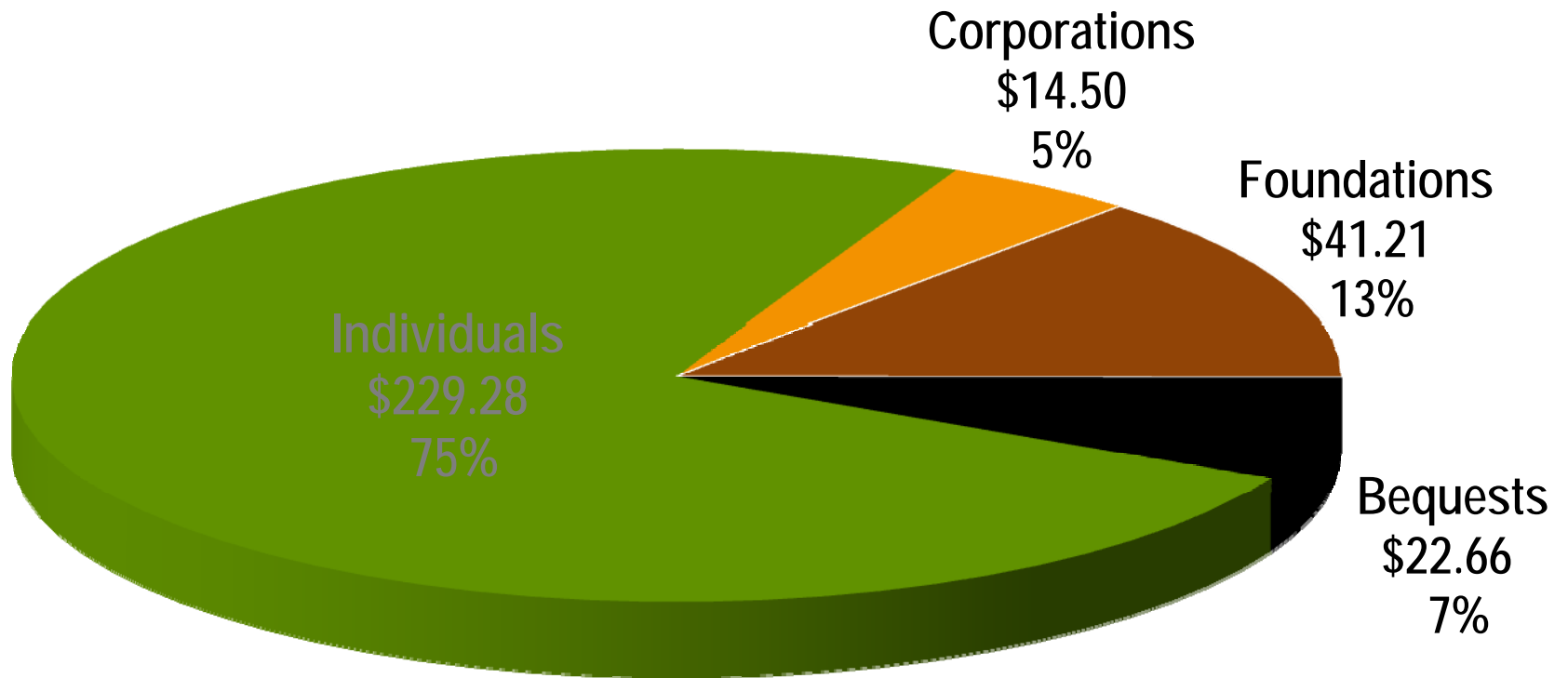
Contributions Received by Type of Organization

Religion	106.89	35%
Education	40.94	13%
Health	21.64	7%
Human Services	25.88	9%
Arts, Culture, & Humanities	12.79	4%
Public-Society Benefit	23.88	8%
Environment & Animals	6.58	2%
International Affairs	13.30	4%
Gifts to Foundations	32.65	11%
Unallocated Giving	19.39	6%

Source: *Giving USA Foundation™ 2009*, researched and written at the Center on Philanthropy at Indiana University

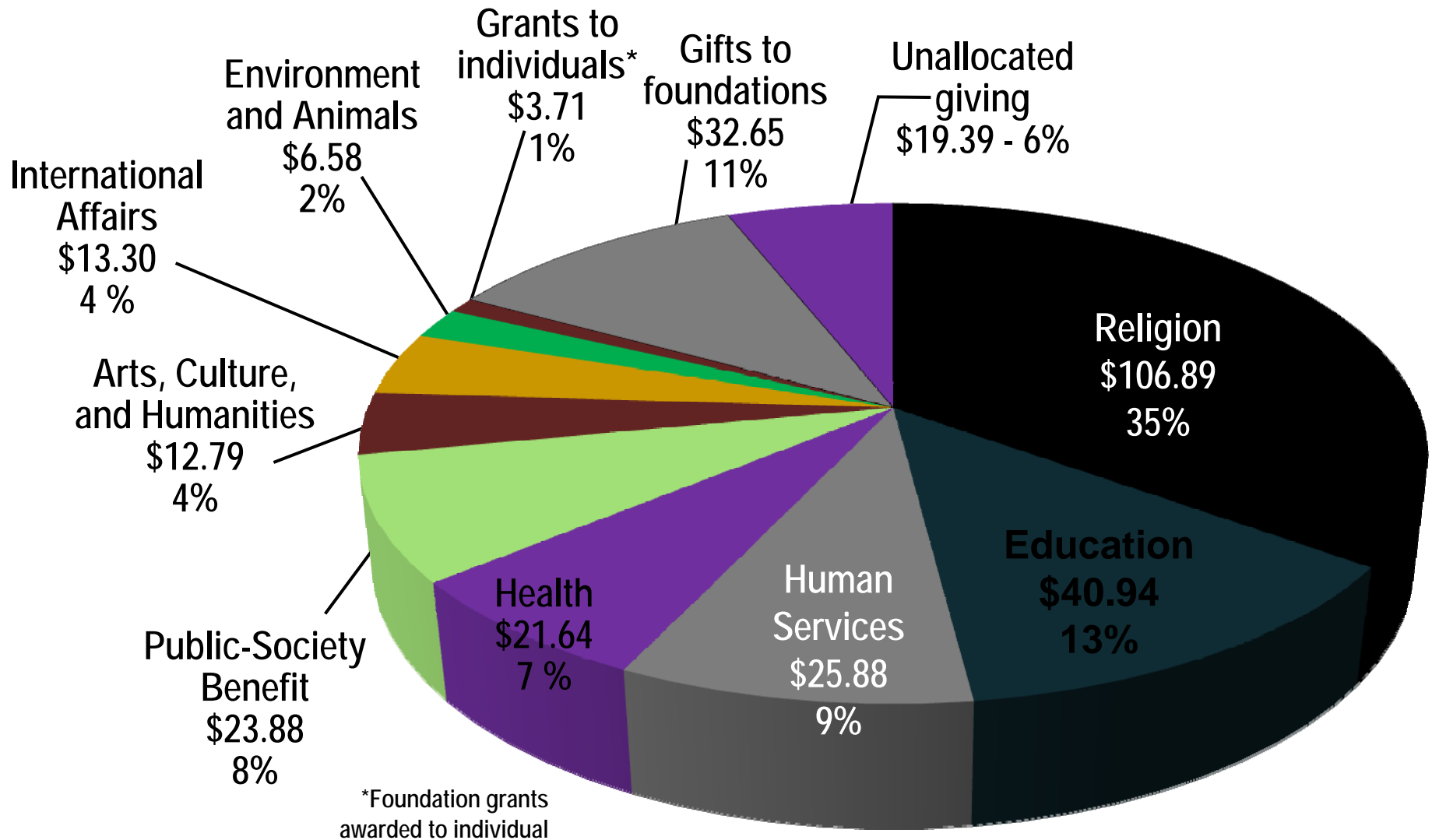
2008 charitable giving

Total = \$307.65 billion (\$ in billions)



Source: *Giving USA/GIVING USA 2009*

Types of recipients of contributions, Total = \$307.65 billion (\$ in billions) 2008



Source: Giving USA/GIVING USA 2009

Fundraising Realities

- Giving in general has been at about 2% of GDP for the last forty years.
- Education and training for fundraising has proliferated.
- Increased professionalization, e.g., courses, degrees, certification. Higher education key in development of these; e.g., centers.
- Higher compensation—often highest salaries are in educational institutions.

- Proliferation and competition. Not enough proactivity in finding new donors.
- Demands related to program expansion which meet emerging and urgent needs.
- Pressure on performance. A discreet move from professionalization to technical expertise.
- More career opportunities. Educational fundraising offers most variety and opportunity for careers.

- Decreasing financial support from government.
- Blurring boundaries with business sector
- Changes in governance roles and expectations.
- Financial efficiency
- Outcome and impact measurement

- Shifting job market—turnover, inadequate pool of new fundraisers, “anyone can fundraise.”
- Changes in number of donors—more from fewer, e.g., capital campaigns.
- Donor dissatisfaction and results. Importance of keeping promises.
- Ethical dilemmas—respecting donor intent versus institutional plan.

- Focus on mission, values, outcomes in approaching donors. Opportunities raise more funds than needs.
- Oversight and involvement by volunteers, i.e., boards and volunteer committees.
- Revenues from various sources.
- Accountability: transparency, outcomes, performance measures.

Giving Statistics

- Religious groups drew more than a third of all contributions in the U.S. Chronicle of Philanthropy, July 13, 2009, based on Giving USA.
- These were among the very few types of charities whose contributions rose in 2008.
- However, many have been hurt by the recession, or income is unchanged.
- Stalled capital campaigns and declining gifts to annual funds were the reasons why educational institutions had a slower year.

- Giving to social service groups suffered the next to the largest drop among charities.
- Charitable giving in 1974 fell by 5.4 %. In 2008 it fell by 5.7%.
- Households earning less than \$100,000 a year account for almost half of the nation's charitable giving.

Faith and Giving

- Mega churches may be experiencing the largest decrease in funding, most staff layoffs, most difficult budget cuts.
- Subsector has strong traditions and practices which help during difficult times.
- Many congregations seem to be in a state of denial.
- Many live with the consequences of poor budgeting and planning.
- Requests for aid from the community have gone up.

Lake Institute for Faith and Philanthropy, May 2009

Trends

- The economy may be starting to improve, and some U.S. charities are moving their major campaigns to the front burner. Chronicle of Philanthropy , Aug. 20, 2009
- 80% of nonprofits are under financial stress. Philanthropy Journal, July 13, 2009
- Half of organizations surveyed say revenues have fallen.
- There are delays in government payments.
- Three in four nonprofits say they have served the same number of people or more.

- 67% of nonprofits are restructuring.
- 41% of nonprofits reduced staff. Harvard Business School, July 13, 2009
- Increasing demands for accountability—codes of ethics, accreditation, governance standards, efficiency and effectiveness, outcome measurements.
- Electronic media increasing visibility of institutions—donor expectations of such visibility.
- Increased Federal government attention—performance measures, overhead costs, regulation.

Fundraisers' Perceptions

- Fundraisers' confidence in their ability to secure charitable gifts continues to be shaken by the economy. Center on Philanthropy, Philanthropic Giving Index, Summer 2009
- A year ago, the index was at 82.8; now it's at 64.8.
- More than 86% of fundraisers say the economy has caused a negative or very negative effect on their ability to raise money in the first half of this year.

Volunteering

- The number of Americans who volunteer held steady last year. Chronicle of Philanthropy, August 20, 2009
- Rising unemployment and foreclosure rates did not reduce the number of people who get involved in their communities.
- Altogether, Americans donated about eight billion hours of service, worth an estimated \$162-billion.
- Approximately 36% of Americans volunteered through a religious organization.
- More people volunteered in 2008 than 2007. Rand Corporation

Donor Confidence

- June 2009 saw a rise in donor confidence, although minimal increases in giving are projected. Campbell Rinker, June 2009
- Men exhibit slightly higher levels of confidence compared to women.
- Two in three, 66%, frequently or occasionally recommend charities to family and friends, indicating trust in nonprofits.

Fresh Faces of Philanthropy

- Action by youth; undertaking major projects.
- Wealthy believe setting an example for the young is important.
- Millennial donors are most likely to be motivated by a desire to make the world a better place.
- Younger donors make more decisions based on knowledge and take more risks. They also want quicker results.

The Venture Philanthropist

- Social Entrepreneur
- Dot.Com Donor
- "An entrepreneurial focus, greater emphasis on partnerships among business, government and nonprofit sectors, and new wealth as well as new social innovation are dramatically affecting the philanthropic scene—and therefore nonprofit organizations and fundraising."

Gender Differences--What Shapes Women's Giving

- Religious belief and philosophy
- Cultural heritage
- Source of money--married, earned , inherited
- Generation--age
- Number of generations from source of money
- Family relationships
- Lifestyle and personality

“With Ward Cleaver Gone, Institutions Are Reaching Out to June”

- Women over 70 control most of wealth.
- Women less motivated by tax benefits.
- Give because they identify with or are passionate about a cause.
- Tend to support social services and causes, and health.
- Feel need to repay.
- Women executives give and volunteer more than other women.
- Gifts more likely to be cash.

Giving by Minorities—Implications for Trusts/Planned Giving

- Hispanics
- Native Americans
- African Americans
- Arab Americans
- Other ethnic groups

While generous, minorities often avoid planned giving for many reasons—cultural, traditions, perceptions, distrust, not included.

Public Attitudes

- “The Philanthropist”
- Philanthropy has received a big boost since the 1990s with a plethora of high-profile donors who have made huge gifts.
- Much wider coverage of philanthropic stories, in wide range of periodicals.
- Far more discerning public, with far greater demands for accountability.

- More Americans provided financial assistance than received it.
- 30% of households gave \$500 or more.
- Of those struggling financially, 29% came to the aid of others. Rand Corporation
- Americans are lending a hand close to home. 20 Million reported working to solve a community problem, up from 15 million a year ago. Corporation for National and Community Service

The “added value” of giving

- People in need still give for what one researcher calls “the warm glow of giving.” People think, “there are so many who have less than I do.”
- A study in science magazine reported that happiness comes to people who give.
- A study of 30,000 participants indicated that people who gave were 43% more likely to be very happy.

Other Factors about Giving

- Increased attention on personal benefits of giving—physical health, longevity, mental health.
- Awareness of side-benefits—building community, networking, expression of interests, sense of belonging.
- Attention on giving by minorities, women, generational.

Factors That Affect Giving

- Government regulations and cuts
- Image
- Ethics
- Diversity
- Board composition
- Qualified professionals in fundraising
- Capacity building
- Globalization
- Competition
- Technology
- Intergenerational transfer of wealth
- ECONOMY
- Competition
- Donor-advised funds

Determinants of Charitable Giving

- Communities of participation
association
- Frameworks of consciousness
identification with cause
- Invitation to participate
Asked to give
- Discretionary resources
Accepted capacity
- Models/experiences from youth
Positive examples
- Intrinsic and extrinsic rewards
Positive outcomes
- Urgency and effectiveness
Philanthropy meeting needs
- Demographic characteristics
Circumstances affecting giving

Material adapted from research by Paul G. Schervish.
For further explanation see www.bc.edu/research/swri.

Strategies for Fundraising

- Proliferation of uses of the Internet, e.g., social networking.
- Major gifts—focus and unrealistic expectations; still significant in most institutions.
- Growth and changes in corporate giving, e.g., corporate social responsibility (CSR).
- Focus on donor retention.
- Expansion of donor pool, e.g., global.

- Innovation in strategies—Giving Circles.
- Continuation of use of mail, phone, proposal writing with increasing demands for professionalization.
- Higher education fundraising often exhibits the most complete, comprehensive fundraising efforts.
- Fundraising departments versus foundations.

- Venture philanthropy and social entrepreneurship.
- The current economic crisis. Influence on giving, reactions to the crisis, donor confidence and other issues.
- Reduced foundation giving.
- Donors urged to give more to operating.

- Events are scaled back.
- Declines in monies invested in endowment.
Donors are asked to give money to replenish fund.
- Competition among donors is being used.
- Soliciting small sums to finance specific items, such as \$25 to fund 30 minutes of a researcher's time.

- Urging donors to make monthly donations by credit card or automatic bank withdrawal.
- Using blogs, Twitter and other online tools to connect donors with the people they aid.
- Focusing on building stronger ties with loyal donors.
- Working with other charities to apply for grants.

Suggestions for today's fundraising

- Don't skimp on the up-front work.
- Create opportunities to informally cultivate, involve, educate.
- Create different giving structures.
- Measure results in ways that make sense.
- Be more transparent
- Make information available 24/7.
- Provide proof of ROI.
- Utilize current donors to find new donors.

The Future?

- Transfer of wealth.
- More awareness of and respect for non-Anglo donors, women, other markets.
- Continued or increasing demand on outcomes, performance.
- More accountability expectations.
- Vacillating job market.
- More donor involvement.
- Role of fundraiser—professional or technician?
- Dearth of leadership, changes in leadership.
- Impact of economic crises.

Addendum to Presentation

Update on Statistics as of
November 2009

NPT November 2009, Chronicle of Philanthropy Nov. 12, 2009

Volunteering

- 72% of Americans have cut back on time spent volunteering and other civic activities.
- People have had to shift from focusing outward to focusing inward; i.e., engaged in communities to looking out for themselves and families.
- 50% of those making more than \$50,000 volunteer.
- 29% of those making less than \$50,000 volunteer.
- Of Millennials, those who use social networks are more likely to engage in community.

The NPT 100

- Total revenue for 2008 is \$64.63 billion, 7.8% more than the previous year.
- However, lag in federal Form 990 reporting must be considered.
- Overall in the sector the economy seems to hit later than elsewhere.
- Investment performance has been better than previous year.

Facts and Information on Giving

- People are cutting back on giving, and give to organizations they know.
- More consideration of mergers by similar organizations.
- In the current economy, people choose to support charities that help the poor.
- While government support seems at status quo, most went to the largest organizations.
- Government support is expected to drop next year.
- Foundation giving will decline because of market value decline.

- Only few nonprofits have embraced thinking sustainability, in spite of budget cuts, layoffs.
- Some looking for new ideas to generate revenue but most have no major change.
- Unrealistic sense of ease prevails after last year's near panic, but some predict 2010 will be worse.
- Foundations likely to cut grants.
- Projection is that over next two years there will be dramatic strains on social safety net.
- Lack of candidness about choices that face sector.

- Necessary change will probably force leaders to change rules and operations, restructure, redefine how people work.
- Nonprofit economy lags behind recovery of regular economy
- Federal money may be shielding charities from realities of economy.
- Some grant makers offer financial advice and lines of credit, while offering advice on avoiding mistakes.

- More than half of nonprofits cut jobs between summers of '08-'09, but only 9% say they expect to trim in 2010.
- Collaboration and sharing of resources is essential for survival.
- Nearly 75% of Americans say social media raise awareness about causes but do not motivate giving.
- Church donations hold steady; more than 70% of churches raised as much or more money in the first half of this year as in 2008.
- Giving has declined in healthcare, rising 2.9% which is half of rate of growth in 2007.

- Unrealistic focus on major gifts may be declining; charities are urged to focus on small gifts.
- Jobs? Hard to tell, but far fewer pages in the Chronicle of Philanthropy than previously.
- Outsourcing popular, but costs must be realistically compared to hiring staff. Often not financially productive.
- In-kind giving growing.

