



## How Generosity is Changing in America



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## Session Outline

- Trends in Philanthropy – 5 Macro Trends
- Technologies and tools – what's hot, what's not?
- “Is it Worth It?” – evaluating fundraising methods
- Implications of Tax Reform
- Success Stories

## Why Look at the Trends?

Help us:

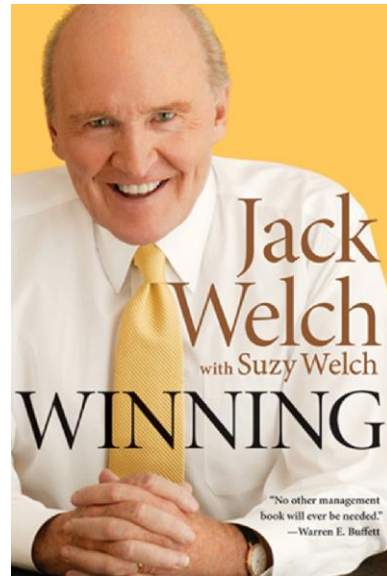
- Make predictions
- Evaluate progress

Cautions:

- Aware of source
- Fair comparisons
- Analysis paralysis

## Jack Welch

*“If the rate of change on the outside exceeds the rate of change on the inside, the end is near.”*



## Sources of Data

- ✓ Giving USA
- ✓ Blackbaud
- ✓ Fundraising Effectiveness Project
- ✓ Fidelity Charitable
- ✓ Indiana University School of Philanthropy
- ✓ M&R Benchmarks
- ✓ IRS
- ✓ GuideStar
- ✓ Charity Navigator
- ✓ National Center for Charitable Statistics
- ✓ DonorTrends

# 1) Giving is Up!

Total 2017 contributions: \$410.02 billion

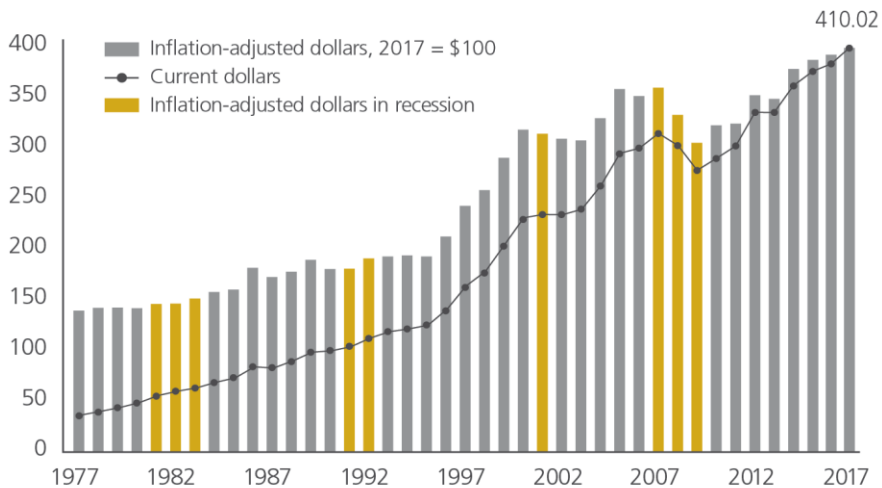
Charitable giving up 5.2% from 2016

Giving by:

- individuals up 5.2%
- foundations up 6.0%
- bequests up 2.3%
- corporations up 8.0%

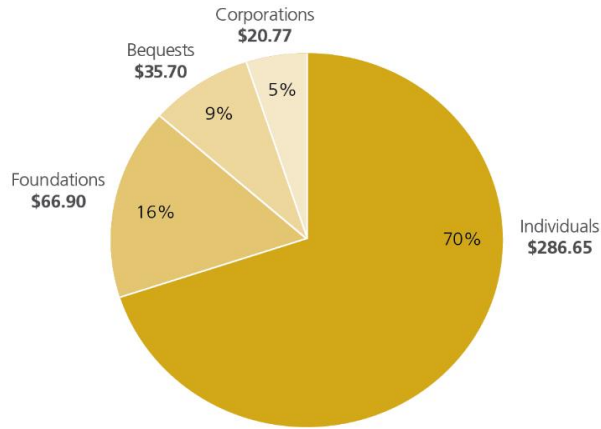
Giving USA 2018 Annual Report

# 1) Giving is Up!



Giving USA 2018 Annual Report

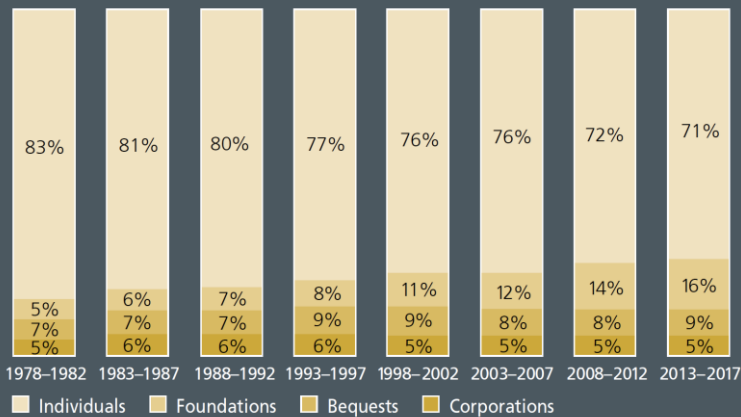
## 2) Individuals Still the Driving Engine



Giving USA 2018 Annual Report

## 2) Individuals Still the Driving Engine

Giving by source: percentage of the total in five-year spans, 1978–2017 (in inflation-adjusted dollars, 2017 = \$100)



Giving USA 2018 Annual Report

### 3) More Money, Fewer Donors



Increase in donations coming from fewer sources.

Number of registered charities has doubled since 2002 to 1.5 million.

Average annual retention rate = 45 - 47% across all orgs/ methods.

### 3) More Money, Fewer Donors

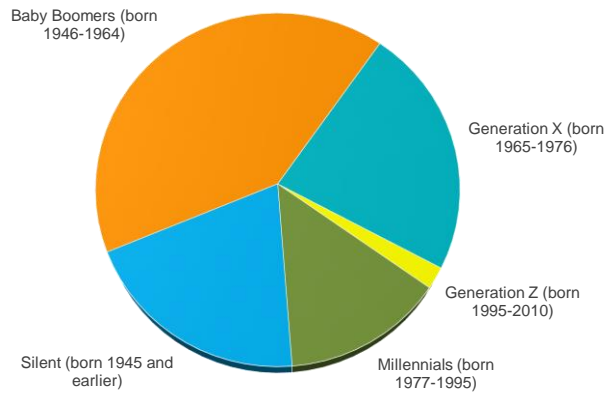


First time donor retention rate just 29%

Overall Retention Rate 46%

## 4) Generational Change

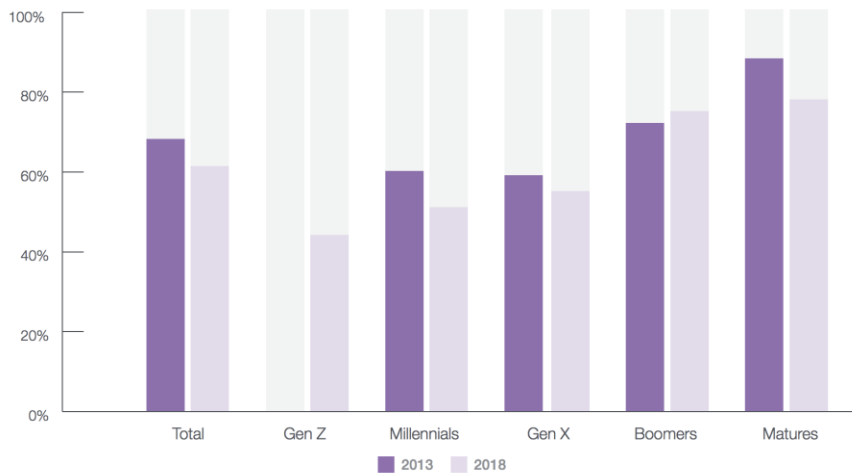
Total Giving by Generation



CCS Fundraising's 2018 Snapshot of Philanthropic Landscape

## 4) Generational Change

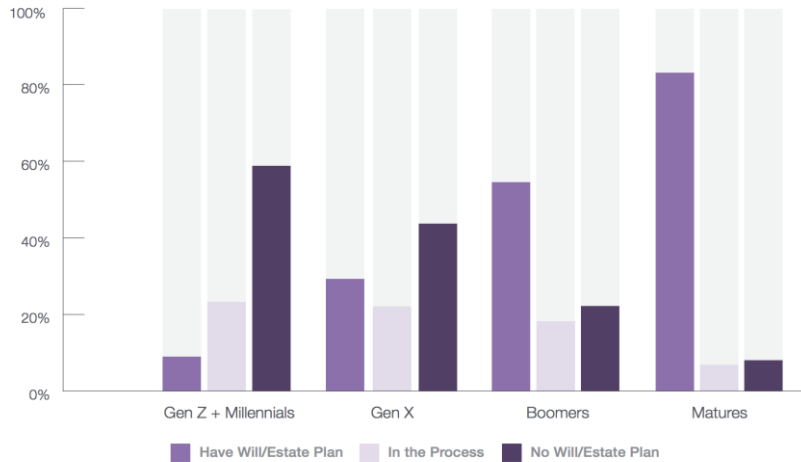
PERCENTAGE OF SELF-REPORTED DONORS: 2013 TO 2018



Blackbaud Institute for Philanthropic Impact

## 4) Generational Change

### CONSIDERATION OF PLANNED GIFTS IN WILLS AND ESTATE PLANS BY GENERATION



Blackbaud Institute for Philanthropic Impact

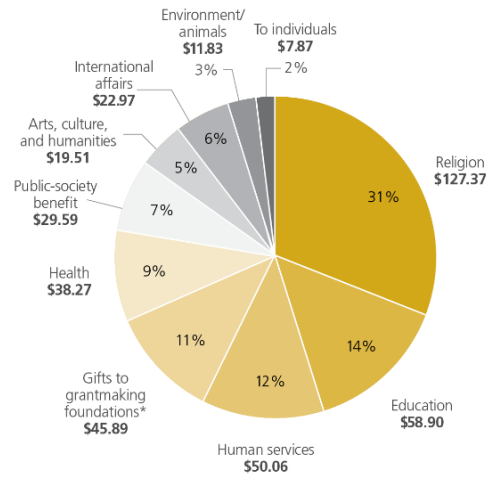
## 5) Changing Priorities

SECTOR	AMOUNT	CHANGE SINCE 2016
Gifts to Foundations	\$45.9B	Increased 15.5%
Arts, Culture & Humanities	\$19.5B	Increased 8.7%
Public-Society Benefit	\$29.6B	Increased 7.8%
Healthcare	\$38.3B	Increased 7.3%
Environmental & Animal Welfare	\$11.8B	Increased 7.2%
Education	\$58.9B	Increased 6.2%
Human Services	\$50.1B	Increased 5.1%
Religion	\$127.4B	Increased 2.9%
International Affairs	\$23.0B	Decreased 4.4%
Gifts to Individuals	\$7.9B	Decreased 20.7%

CCS Fundraising's 2018 Snapshot of Philanthropic Landscape



## 5) Changing Priorities



\* Estimate developed jointly by the Foundation Center and Giving USA

Giving USA 2018 Annual Report

## 5) Changing Priorities

### TOP OVERALL GIVING PRIORITIES

MOST FREQUENT GIVING CHOICES BY GENERATION				
GEN Z	MILLENNIALS	GEN X	BOOMERS	MATURES
Children	Worship*	Health*	Local Social Service	Worship*
Animal	Children	Local Social Service	Worship*	Local Social Service
Health	Local Social Service	Animal	Health	Emergency Relief
Worship*	Health	Children	Emergency Relief	Health
Local Social Service	Animal	Emergency Relief	Children	Children
Military	Emergency Relief	Worship	Military	Military
Emergency Relief	Youth Development	Military	Animal	Formal Education

\*Indicates most dollars allocated when asked to prioritize.

Blackbaud Institute for Philanthropic Impact

## 5) Changing Priorities

### Corporate Giving

Over 2015-2017 changes in corporate giving came from:

Healthcare: 82% of companies increased giving

Communications: 88% of companies increased giving

Financial: 22% of companies decreased giving

Energy: 88% of companies decreased giving

## 5) Changing Priorities

### Foundation Giving

#### 1) Impact Investing

In 2017 Ford Foundation allocated \$1 billion

#### 2) Rural investment

#### 3) Urban community investment

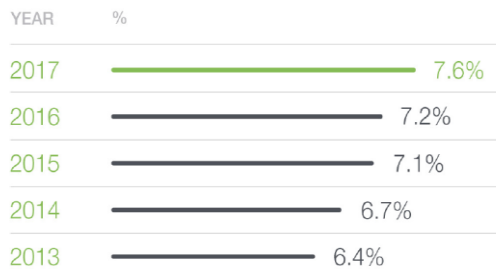
## Technologies and Tools

- Electronic / online auctions
- Crowd funding
- Donor-advised funds
- Facebook fundraising
- Giving Tuesday
- Experiential events
- Text-to-give
- Mobile vs. website vs. mail vs. email as giving vehicle
- Impact Investing
- What else?

## Technologies and Tools

### Online Giving

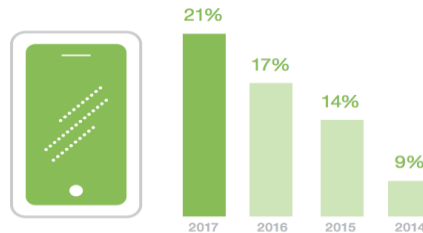
#### PERCENTAGE OF TOTAL FUNDRAISING FROM ONLINE GIVING



# Technologies and Tools

## Online / Mobile

PERCENTAGE OF ONLINE DONATIONS MADE ON A MOBILE DEVICE



Blackbaud Charitable Giving Report 2017

# Technologies and Tools

## #GivingTuesday

- ✓ #GivingTuesday online giving grew by 500% and raised \$300 million since its creation in 2012
- ✓ 8% more organizations received an online donation on #GivingTuesday 2017 compared to 2016
- ✓ Online average gift amounts exceeded \$134
- ✓ 26% of online #Giving Tuesday donations were made from a mobile device

# Is it Worth It?

Decisions must be driven by:

# Data

What can we measure?

# Is it Worth It?

## What are you measuring?

Donor acquisition rate

New donor retention

Existing donor retention

Lapsed reactivation

Change in revenue

Average gift

Upgrade rate

Cost to raise a dollar (ROI)

Cost to retain

Cost to acquire

Cost to reactivate



## Is it Worth It?

ACTIVITY	AVERAGE COST RAISE \$1.00
Capital Campaign	\$.50 -- \$.10
Grant Writing	\$.20
Direct Mail Acquisition	\$1.25 -- \$1.50
Direct Mail Renewal	\$.25
Planned Giving	\$.25
Special Events	\$.50
Online Fees	\$.30

## Is it Worth it?

### Costs

Direct Costs

Indirect Costs

**Opportunity Costs**

Risk / Timing of Costs



## Is it Worth It?

### Benefits

Revenue  
Acquisition  
Renewals  
Good Will  
Awareness  
Engagement



## Is it Worth It?

### Costs

- Financial investment
- Staff / expertise investment
- Timeline for ROI
- Alignment with strategic plan
- Alignment with fundraising strategy
- Alignment with existing audience
- Alignment with culture
- Cost of potential data cleanup / database change
- What else?



## Implications of Tax Reform

- ✓ In 2016, 44 million households itemized deductions
- ✓ Tax Cuts and Jobs Act raised the limit on cash contributions and lowered the tax rates.
- ✓ Estimated that 21 million households will no longer itemize charitable deductions in 2018.



## Implications of Tax Reform

"We know that the main reason why people give to charity is not the tax incentive," said Steve Taylor, United Way Worldwide senior vice president and counsel for public policy. "We also know that the tax incentive allows people to give a little bit more than they would have otherwise. What you have is tens of millions of people who will give a little bit less, and that adds up to tens of billions of fewer dollars given to charity."

*Tax Reform is Squeezing Charitable Giving* by Jonathan Berr, MONEYWATCH June 5, 2018



# Implications of Tax Reform

## Financial Impact

- Individuals

- Corporations

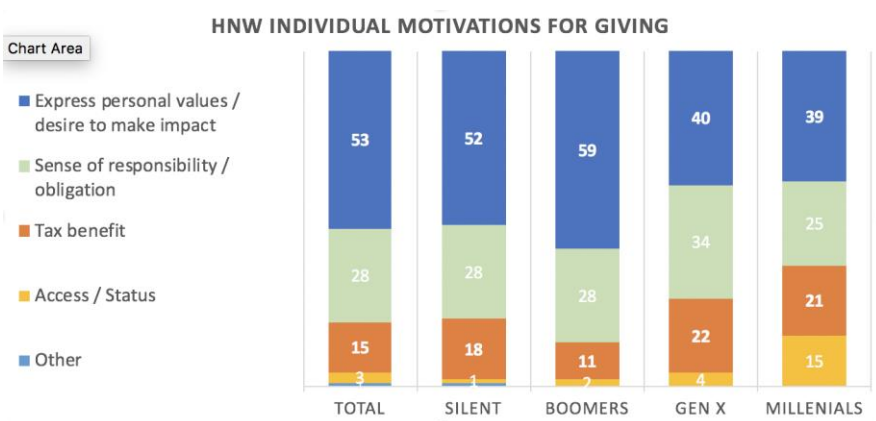
## Change in Strategy?

- Consider motivation of donors

- Messaging from nonprofits

- Focus on acquisition, upgrade, renewal strategies

# Implications of Tax Reform



Source: CCS Fundraising's 2018 Snapshot of Philanthropic Landscape

## Success Stories



## Questions & Wrap-Up



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