Fundraising in Turbulent Times

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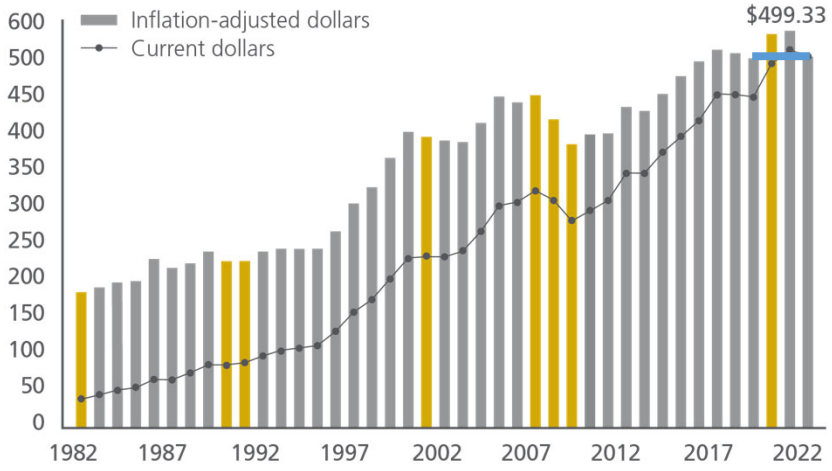
LILLY FAMILY SCHOOL OF PHILANTHROPY

Total giving, 1982-2022

(in billions of dollars)



Giving USA | The Giving Institute™ Researched and written by IUPUI LILLY FAMILY SCHOOL OF PHILANTHROPY

Household Giving in the United States

50%

American Perceptions Survey = 61%

Gallup = 81%

General Social Survey = 88%

"Only 12% never donate!"

THE MOST IMPORTANT FACTOR IN YOUR FUTURE FUNDRAISING




YOUR DONORS HERE

Wealth Effect of Giving: Labor Market

Labor Market

- 2022: 4.8 million new jobs (2nd only to 2021: 6.7 million new jobs)
- 2023 – 2.8 million new jobs
  - January – September: 260,000 per month
  - October: 105,000
  - November: 173,000
  - December: 216,000

  → 165,000 per month
- Unemployment rate: 3.7% (near a 50-year low)

(U.S. Department of Labor, 2023 and 2024)

Wealth Effect of Giving: Inflation & Wages

- June, 2022: 9.1%
- November: 3.1%
- October (2022) – March (2023): 4.5%
- April – September (2023): 2.8%
- September – November (2023): <2%

Wages
+4.1%

- Beware of the "base effect"
  - Deflation – prices going lower
  - Disinflation – prices rising at a slower rate

(U.S. Department of Commerce, 2023 and 2024)

Wealth Effect of Giving: Consumer Spending

MONTH	ACTUAL DOLLARS
November, 2023	+0.3%
October, 2023	+0.2%
September, 2023	+0.9%
August, 2023	+0.4%
July, 2023	+0.9%
June, 2023	+0.4%
May, 2023	+0.2%
April, 2023	+0.4%
Nov. 2022 – March 2023	Average = +0.03%
January, 2023	+2.0%

Average = +0.46%

(U.S. Department of Commerce, 2023)

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Holiday Sales

- Thanksgiving = +5.5%
- Black Friday = +7.5%
- Cyber Monday = +9.6%
- "Cyber 5" = +7.6%

November 1 – December 25 = 3.1%

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Wealth Effect of Giving: Housing Market

(Getty Images, 2023; National Association of Realtors, 2023)

Giving By Generations

- Millennials – annual charitable giving per household = +40% / 2016
- Gen X and Boomers – annual number of hours volunteering = -50%
- Millennials – most likely to respond to direct mail fundraising

Generation	Average Household Giving per Year	Donate Online	# of Online Gifts per Year
Gen Z (1997-2012)	$747 (#4)	76%	11 (#1)
Millennials (1981-1996)	$1,323 (#2)	81%	7 (#3)
Gen X (1965-1980)	$1,220 (#3)	69%	6 (#4)
Boomers (1946-1964)	$2,568 (#1)	61%	8 (#2)

(Giving Institute, 2023)

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Wealth Effect of Giving: Current Economic Data

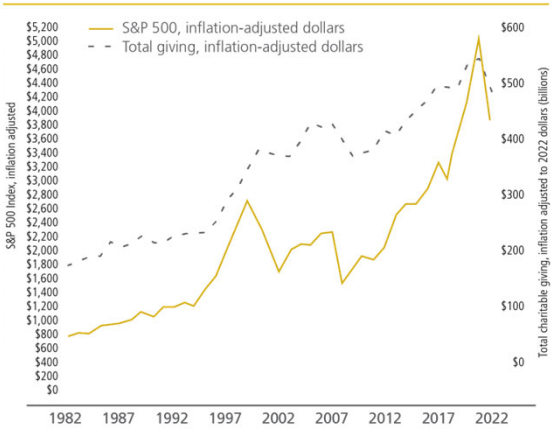
S & P 500 Stock Market

- 2022 = 3,840 (-19%)
- 2021 = 4,766 (+27%)
- 2020 = 3,756 (+16%)
- 2019 = 3,231

+19%

Total charitable giving graphed with the Standard & Poor's 500 Index, 1982-2022

(in billions of inflation-adjusted dollars, 2022 = $100)



The Wealth Effect of Giving: S&P 500

December 31, 2023
4,770 (+24%)

+48%
December 31, 2019

Recession?!?

GDP

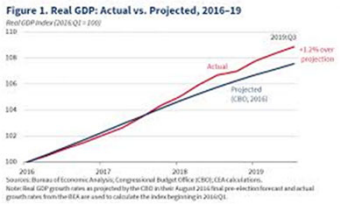
- 2019 = 2.6%
- 2020 = -1.5%
- 2021 = 5.9%
- 2022 = 2.1%
- 2023
  - 1st Quarter = 2%
  - 2nd Quarter = 2.4%
  - 3rd Quarter = 5.2%

Recession in 2024?:

JPMorgan Chase: "No!" USB: "Yes!"

Charitable Giving During Recessions

- Average increase in charitable giving (after inflation) = +3.3%
- Average increase in charitable giving (after inflation) (in non-recession years) = +4.7%
- Average decrease in charitable giving (in recession years) = -0.5%
- Average decrease in charitable giving during and immediately after the Great Recession = -4.2%



Fundraising "During" a Recession

- Scenario planning
- Annual budgeting that builds an operating reserve
- Continued stewardship of current donors
- Continue to identify new donors before the recession starts
- During an economic downturn, donors are most likely to support the nonprofits with which they have the closest relationships
- Include the negative effects of the recession in your fundraising case for support
- Public advocacy

In other news…World Events & Charitable Giving

- Ukraine = + $1 billion
  - $25 million from Open Society Foundation
  - $22 million from IKEA
  - $10 million from Bloomberg Philanthropies
  - $10 million from U.S. Red Cross

- Natural disasters: occurs between weeks 2 – 16
- Median gift = $50 // Average gift = $135
- "Lift and shift"

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DONOR-ADVISED FUND METRIC OVERVIEW ($ BILLIONS EXCEPT AS NOTED)

	2020	2021	2022	Change from 21
Charitable Assets	$167.81	$234.06	$228.89	-1.1%
Total Grants	$35.68	$47.83	$52.16	9%
Total Contributions	$49.58	$72.67	$85.53	9%
Payout Rate	24.2%	28.7%	22.5%	-22% (-6.2 percentage points)
Average DAF Size	$167,748	$122,162	$117,466	-3.8%
Number of DAF Accounts	1,007,745	1,893,762	1,948,545	27.6%

(National Philanthropic Trust, 2023)

Why?

- 2017 federal tax policy
- Strategic donor
- Saving for larger gifts
- Easier than creating a private foundation
- Teach family about charitable giving
- Liquidity moment
- Remain anonymous
- Instant tax deduction

The ~~Millionaire~~ Donor Advised Fund "Next Door"

- DAFs with $50,000 or less = **61%**
- DAFs with more than $1 million = **11%**
- Made at least one grant this year = **71%**
- Grants made in last three months of the year = **41%**
- Made at least one grant over a four-year period = **86%**
- One-third of grants = $5,000 or less // One-third of grants = $10,000
- Unrestricted gifts from DAFs = (65% of grants) (46% of dollars)

(Vance-McMullen & Heist, 2022)

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Fundraising from Donor Advised Funds

- Ensure that DAFs are integrated into your fundraising plan and strategy
- Ask your donors if they have Donor Advised Funds
- If yes, then why? Strategic?
- If yes, then: How? When? What causes?
- Remember: DAF donors also donate in other ways (cash, stock, et al.)
- Community foundation program officers
- If donor's name is on the gift: thank the donor NOT the sponsoring organization
- No tax receipt!
- If anonymous: your favorite dessert!

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