Giving USA 2012
Who Gave, How Much, and To Whom in 2011?

Friday, June 29, 2012 • 12:00 to 2:00 p.m.
Hudson Institute • Betsy and Walter Stern Conference Center • 1015 15th Street, NW • Suite 600

Event Description
Charitable giving as a form of civic engagement in the United States attracts greater participation than many other types of civic involvement - even voting. For more than fifty years, the annual publication Giving USA has documented who gives what to whom. But 2011 was no ordinary year. How did charitable giving fare amidst the economic crisis? What shifts took place in giving by individuals, corporations, and foundations? More importantly, what do the results tell us about who we are, where philanthropy is going, and what fundraisers can expect of 2012?

On June 29th Hudson Institute’s Bradley Center for Philanthropy and Civic Renewal and the Center on Philanthropy at Indiana University will join forces to host Indiana University’s Patrick M. Rooney, Ph.D., a member of the team that researches and writes Giving USA, to discuss the questions raised by the latest numbers. Joining Dr. Rooney on the panel will be The Nonprofit Quarterly's Ruth McCambridge, Thomas H. Pollak of the Urban Institute’s National Center for Charitable Statistics, and Wendy McGrady from The Curtis Group. Holly Hall of The Chronicle of Philanthropy will moderate the discussion.

Program and Panel
12:00 p.m.  Welcome by Hudson Institute’s WILLIAM SCHAMBRA
12:10  Panel discussion
  Patrick Rooney, The Center on Philanthropy at Indiana University
  Ruth McCambridge, The Nonprofit Quarterly
  Tom Pollak, Urban Institute
  Wendy McGrady, The Curtis Group
  Holly Hall (moderator), The Chronicle of Philanthropy
1:10  Question-and-answer session
2:00  Adjournment
WILLIAM SCHAMBRA: Good Afternoon. My name is Bill Schambra and I’m director of Hudson Institute’s Bradley Center for Philanthropy and Civic Renewal. Kristen McIntyre and I welcome you to today’s discussion of the annual report on American giving just published by the Giving USA Foundation and its research partner, The Center on Philanthropy at Indiana University. I’m supposed to say that we have a Facebook page, whatever that means. Go to it. Visit it. Follow it. Be nice to it. Thank you.

First, our customary preview of coming attractions. As many of you know, Chicago’s famous Hull-House closed recently after a century and a quarter of distinguished service. It’s our view at the Bradley Center that this event hasn’t been properly mourned, nor have we accorded proper honors to Hull-House and its founder Jane Addams. So as our final event for this summer, on July 24th we are not having a formal panel. Instead it’s going to be a free-for-all discussion of Jane Addams’ classic, Twenty Years at Hull-House. It is the story of one woman’s truly bold and original attempt at philanthropy and civic renewal. Amy Kass and Rick Cohen of the Nonprofit Quarterly will co-moderate the session. We want you to sign up, but here’s the deal. You really do have to read the book. And I would strongly recommend Jean Bethke Elshtain’s biography of Addams as well. It’s a terrific biography of her democratic vision for Hull-House. Now you have almost a month. The book isn’t that long and it’s quite engaging. So take it with you to the beach. Come prepared on July 24th for what I know will be a terrific conversation.

Now for today’s panel, the latest Giving USA estimate covering the year 2011 is now the latest plot point in a line that stretches back over 50 years. This measure is widely acknowledged to be the most authoritative and comprehensive estimate available for giving in the United States. It’s there for our honor at the Bradley Center, for the third year in a row, to co-sponsor today’s event with Giving USA Foundation and Indiana Center on Philanthropy in order to discuss the implications of this year’s estimate in the heart of the nation’s capitol. We’ve assembled a distinguished panel to do so, including leading representatives of the organizations behind the numbers. If you’ve been to these events in the past and you’re suddenly overwhelmed by a sense of déjà vu at this point, it’s because we’ve been able to assemble precisely the same panel of experts for each of these annual discussions. But my sole duty today is to introduce the person who will introduce the others and moderate the panel. We’re proud to welcome as our moderator for today’s discussion, Holly Hall. Holly has been writing on the full range of issues related to fundraising for the Chronicle of Philanthropy since its first year. The Chronicle, as you know, is the journal of record for the field of American philanthropy, so it is a particular honor to have Holly Hall serve as our moderator this year. Holly.

HOLLY HALL: Thank you, Bill. Good morning and welcome to our panel on Giving USA 2012. I’m going to introduce our speakers today but very briefly since you have their bios in your handouts. Patrick Rooney is executive director of The Center on Philanthropy, which compiles and publishes the Giving USA reports. Tom Pollak is the program director of the National Center of Charitable Statistics at the Urban Institute. Wendy McGrady is vice president of The Curtis Group, a fundraising consulting company. She also sits on the editorial review board of the Giving Institute, which supports Giving USA. And last but not least, Ruth McCambridge is editor-in-chief of The Nonprofit Quarterly, a leading journal for nonprofit practitioners.
Now before I turn it over to Patrick, just a couple quick observations from the *Chronicle*. First of all, this is a report about giving, but it is also a fundraising story because it should reflect and offer clues about charities’ ability to get donations from individuals, corporations, and foundations. Second, as someone who has covered fundraising for more years than I care to admit, I find this year’s report to be particularly interesting, but not because of what it shows for 2011. The news to me in this year’s Giving USA is what its estimates suggest about the recession and its aftermath. This Giving USA, which includes revised estimates for the recession years, shows that charitable giving overall declined by far more than previously thought. Let’s look at giving by individuals, which accounts for more then giving by corporations or foundations. Total giving by living individuals as opposed to gifts left in people’s will at death dropped by 17.5 percent in 2008 and 9 percent adjusting for inflation. Last year, gifts made in the form of bequests were the only type of giving to significantly increase. Everything else was flat or declined.

So if you look at total gifts by individuals, both living donors and bequests, there has been a drop. But it’s a relatively modest one. Part of that is because bequests offset a steeper decline in giving by living donors. But what happened to big outright gifts of cash, stock, and other assets in the recession? At the *Chronicle* we report publicly announced gifts of one million or more. Indiana University also collects data on million dollar gifts.

The data also shows that there was a very sharp falloff in gifts from the stock market crash in 2008. In fact, the fall off was so steep that it bears quite a resemblance to what happened in the 1930’s to major gifts during the Great Depression. Now this data on the 1930’s comes from John Price Jones, an early fundraising consulting firm that published data on several cities in the *New York Times*. If anyone’s interested in the state, I’m happy to steer them to a white paper about comparisons between the 1930’s and current economic conditions. Now it shows that gifts of one million or more fell from $32.2 billion in 2007 to a total 12 billion in 2008 and they kept falling to a low of $4.2 billion in 2010. Now they started growing again last year, reaching $5.4 billion but that’s still far below the 2007 record. And this year, six months into 2012, million dollar gifts that we track are not growing and, in fact, they’re slightly below what they were in the first half of 2011. So what does all this mean? Well, one thing we know is that there are a growing number of multi-million dollar and multi-billion dollar campaigns being started. In current fundraising climate, our data suggests that they could be in for quite a bumpy ride. So that’s all I wanted to share with you today and I’m going to turn it over to Patrick.

**PATRICK ROONEY:** Thank you Holly. While the slides are being changed, I do want to say one thing. Put in a plug in for IU. The IU Board of Trustees last Friday voted unanimously to approve the world’s first school of philanthropy and this has to be approved by the Indiana Commission of Higher Education, but we’re very excited and we think that this will be a great opportunity for scholars and for students. So if you’re interested in studying philanthropy more formally, come to one of our graduate programs or send your kids and grandkids to our undergraduate degree program as well. Sorry Bill, unpaid ad. [LAUGHTER]

Giving USA has been going on for over 50 years as the longest running data series on household giving, corporate giving, foundation grant-making, and charitable bequests. But also simultaneously, it estimates all the uses of philanthropy in the United States. I think this is the
13th issue that The Center for Philanthropy has worked on and we’re proud to have partnership with Giving USA Foundation to do this great work.

Since I was here last time, I’ve gone to a speech coach and they told me that I spoke too rapidly, use too many numbers, didn’t have a sense of humor, and didn’t show any pictures. So sorry but here’s a graph.

![Pie chart showing 2011 contributions](image)

It goes back to 1956 and I think it’s really important. This is probably the most famous pie chart about philanthropy and Giving USA has been publishing this since 1956. Household giving is 73 percent and totals $218 billion. So rounding, which I don’t like to do, but rounding, about three-fourths of total giving comes from living individuals. You add in charitable bequests at $24 billion. That’s 80 percent. Foundation grant-making was 14 percent of the total last year. Keep in mind that 59 percent of all foundation grant-making comes from family foundations where the families are still making the decisions. You add up the family foundation number, that’s coming from a different checkbook but it’s still coming from families. So in total you have 88 percent of all gifts last year came from individuals and families living, recently passed, or through the family foundation. So again rounding, almost 9 out of 10 dollars comes from individuals and their families.

As we think about philanthropy and fundraising, this is an important take away. Corporate giving is 5 percent of the total. This is not a huge piece of the pie but it’s an important piece for
many organizations. One of the key takeaways is that total giving last year, $298 billion grew 4 percent in nominal dollars and almost 1 percent in inflation adjusted dollars. So is the glass half full or is the glass half empty? Well, I’ll be Polyanna for a second and say that the glass is half full. During a soft economy, a soft recovery, giving grew 4 percent. That’s great news. It even grew after adjusting for inflation. Even better news. The bad news though is that if you look at the average growth rate for this year and last, it would take over a decade to reach the giving levels that we’d achieved in 2007. So that is one of my more pessimistic faculty colleagues saying that, right. You have to look at both of these things though I think in context to understand where the good news is, we are seeing some recovery. The bad news is it’s coming at a slow rate.

The second most famous pie chart on philanthropy in the world is the use of this pie chart.

A couple interesting things to point out. Religion is 32 percent of the pie. Twenty years ago it would have been over half. So statistically it’s important to acknowledge that giving to religion is generally not declining, although it’s declining for the last couple years, but its share of the pie has declined fairly dramatically. This is mostly because giving for the last 20, 30 years for religious organizations has only grown at 1 ½ percentage points per year after adjusting for inflation, which is much slower than giving to other organizations. Education is the second largest piece of the pie at 13 percent. It benefits a great deal from the stock market. Holly mentioned that we both track publicly reported gifts of a million dollars or more and one of the things that we find is that education gets between 45 and 65 percent of all those million plus gifts
that are recorded each quarter. Higher education gets about three-fourths of the total education giving, so when the stock market is doing well, grateful alums are giving back to their alma maters and that’s a wonderful thing. Human services is at 12 percent. One of the things we’ve seen about human services is that it was growing a little more rapidly during the Great Recession as people made some conscious decisions to help feed the hungry and house the homeless during the recession. Right now we’re seeing a return to the status quo. Giving to human services is still growing but growing at a slower rate, just like it did before the Great Recession.

Public society benefit is at 7 percent. Public society benefit is kind of a catch all category. It is organizations that are combining funds like the federated campaigns, United Way campaigns, Jewish Federations, Catholic Charities and so on. It has grown but most of that growth has come from donor-advised funds, which are also included in public society benefit. Giving USA and The Center hope to be able to disaggregate the public society benefit and donor-advised funds in future issues. Arts and culture is 4 percent of the pie. International is at 8 percent. I’m going to talk more about international in a minute, but in 1987 when we started tracking international giving as a separate category it was less than 2 percent of total giving. This has seen the most dramatic growth of any sub-sector in the last 20 plus years. Environment and animals is 3 percent of the total giving to foundations.

People setting up family foundations are increasing the asset base of their existing family foundation is 9 percent of the total. Last year, giving to family foundations went down by 9 percent after adjusting for inflation. This shows that while I think Americans still value philanthropy and philanthropy is a core American value, that giving to family foundations is perhaps the most discretionary of all types of philanthropy. So it doesn’t surprise us that giving to family foundations, giving to all foundations went down more dramatically during the Great Recession and even during the recovery than giving to other sub-sectors.

Giving to individuals, we just started tracking a couple of years ago. This is largely giving in kind to individuals. It’s mostly pharmaceuticals. Pharma companies are giving free and reduced drugs to individuals and the dollar volume is sufficiently large when we started tracking this. The unallocated 3 percent, this happens because some people give to organizations that are too new that the IRS doesn’t track them or they give to international organizations that we don’t track as part of the IRS receipts. But it also could be if you donate your classic Porsche and you may take a larger deduction for that than what the charity values it at when they sell it later.

Let’s look at the growth rates for the last two years.
Total giving in nominal dollars or current dollars grew at 7 percent combined for the last two years, 4 percent last year, and 3 percent the year before. Again, Polyanna says this is good news. It’s growing. That is good news. But again, it’s growing very slowly and if we continued at that growth rate for the next several years, it would take us 10 years or more to reach where we were in 2007.

Individual giving, not surprisingly, is growing at a similar rate, 8½ percent for the last two years. Again, individual giving accounts for a large share of the total pie and what happens with individual giving is an important driver to what is happening to total giving. Charitable bequest giving grew dramatically last year but followed a year of dramatic decline. One of the things about bequest giving is it is very erratic. In some years the wealthiest two or three individuals who die that last year and how philanthropic they are can determine whether or not bequest giving goes up or goes down overall.

Foundation grant-making is pretty flat and that’s because most foundations payout on a two or three year moving average and they’re still picking up some of the down draft from the Great Recession. They are required by law to pay out 5 percent of their asset base. As the economy improves and the stock market goes up, we expect that foundation grant-making will eventually start to improve as well. Corporate giving has been flat last year and had gone up a little bit then the year before. It’s a little surprising that that didn’t go up more because the economy is starting to improve. Corporate profitability has been growing the last several years. However, it did not grow nearly as dramatically last year as it did the prior two years.
I think this is an interesting trend for religion. It declined 3.7 percent combined for the last two years. This is fairly unprecedented and it’s important to say this is not giving to all faith denominations. Most of the decline seems to be in mainline Protestant and other Protestant faiths. But there’s some variability there. Giving to education, 10 percent growth over the last two years combined. Again, that varies quite a bit with the stock market and the stock market has done okay. Less well last year but most of that is in the prior year. Human services you can see grew almost 10 percent two years ago and only 2½ percent this last year. I think a lot of people said two years ago during the recession and the early stages of the recovery, I still need to be caring about housing the hungry and feeding the hungry. They had scaled back giving to arts and culture and education. And now we’re starting to see a reallocation to what their giving looked like before. Healthcare, this will be very interesting to see what happens with the Supreme Court ruling. One of the things we see in longer trend data is that private philanthropic dollars tend to move away from those areas in which the government is increasing its funding. So if there is an increase in government funding for healthcare, if this pattern holds, there is likely to be a slow down in the increase of funding for private philanthropic support for healthcare.

Public society benefit, 4 percent growth last year, 11½ percent over the last two years. Again, most of that is the growth in donor-advised funds. International affairs—over 15% growth in the last two years combined. If you look at the slope of that line, it’s very dramatic going back to 1987. But it’s even more dramatic going back to 2001. Following 9/11, an even greater share
has been going to international. We’re not sure how much of that is driven by disasters around the world but clearly, even after the years after disasters, giving has been sustained at a double-digit growth for international programs. So it is not just disaster relief giving. Environment and animals is growing faster than average at 8.6 percent for the last two years but much slower than international.

Well, here’s my good news/bad news graph. Holly mentioned the decline during the Great Recession was even greater than when we first anticipated.

If you look at 2007, it’s listed as a recessionary year because the National Bureau for Economic Research, which is the prognosticator of when recessions begin and end, said that the recession began in December 2007. So we show 2007 as a recessionary year but total giving that year increased in both nominal and inflation adjusted dollars. Then you see a fairly precipitous decline in 2008 and 2009 and a modest recovery in 2010 and 2011. The Great Recession is the first time giving declined in both nominal and inflation adjusted dollars due to the business cycle. This is a fairly dramatic shift in how things have happened in the past.

Look at giving by individuals both in inflation adjusted dollars, the top line, and nominal dollars, the second line, and you can see that individual giving was more volatile and had a more precipitous decline than during the Great Recession than the total giving.
We hired three graduate students over three summers to try to develop a better model for forecasting bequest giving it’s very difficult. We tested the stock market; we tested gold prices; we tested real estate; we tested all these things. And the only thing we could conclude at the end of all this was that people were not timing their deaths with changes in the economy. Probably a good thing.
That said, we see a fair amount of business cycle effects but there are also some random shocks that are due to the timing of when people die and how philanthropic they are.

Giving by foundations slowed from 1971 to 1996, but a fairly dramatic increase following the high tech bubble. And even after the high tech bubble burst, they did not decline back to where it was before. That’s a good thing. However we did see a drop following the 9/11-induced recession in 2001 and 2002. And then we saw another drop during the Great Recession as well.
Giving by corporations we see a strong business cycle effect here. This is perhaps most amplified. The single best predictor of corporate giving is changes in corporate profitability. The second best predictor of that is changes in GDP. Both of those exhibit great business cycle effects and we see that exhibited here as well.

If we look at the market share of the sources, one of the interesting things is you go back to 1977 and 1981, over those five years, living individuals accounted for 84 percent of total giving. And for a 20-year period, household giving accounted for over 80 percent. For the last five years, its average is just under three-fourths. The biggest growth though in that is foundation grant-making and a part of that is a portfolio effect for existing foundations. But a big part of that is new investment and new family foundations or increases in existing assets in family foundations. So we can see pretty pronounced wealth effects going on here.
All right, I want to be careful to say that I’m from the Center on Philanthropy. We study, research, and talk about philanthropy. But if I were from the Center for Philanthropy, this graph would be very disturbing to me.

We are stuck at 2 percent of GDP. And for the last several years, we’ve been stuck at 2 percent of GDP, which is a decline in the market share from 2.2 and 2.3 percent for the last 15 years before the Great Recession. That’s troubling. Even more troubling though is if you were to ramp this up and scale it from 0 to 100, this would be a flat line at 2 percent. So I think for those of us who are working in philanthropy or those of us working in the nonprofit sector, we need to ask, how do we make a stronger case, how do we make a better appeal from the nonprofit sector to society to move that from 2 percent to 3 or 4 or 5? When you think about the biblical tithe of 5 percent, we are nowhere near that. Only 2.7 percent of households gave 10 percent or more of their income to religious organizations last year. I am not saying that the bible is the definitive source on philanthropy, but I think it’s a source that we all know and have heard about and I think it’s a useful benchmark.

I did a back of an envelope calculation the other day and if each of us reallocated 5 percent of frivolous consumption to private philanthropy, just on work days, not counting vacations, not counting weekends, just work days, so stop going to Starbucks or whatever you do in the morning, and put that in a philanthropy bucket, that would double household giving overnight. We’re not talking about radical changes. But how do we make that appeal to move the dial? We look at household giving as a share of personal income. This is disposable personal income that is after tax income. That is not after paying all your bills. That’s just after tax income and it’s been 1.9 percent for the last couple years. But look at that. That’s substantially below where we were for the last decade or so. So people are making hard choices; they’re still committed to
philanthropy. I don’t think this says that people will stop giving but it is saying people are facing some tough choices in a tough economy and that market share of philanthropic support has declined as a share of income.

Similarly for corporations, corporate giving as a share of pretax corporate profits is 0.8 percent. This is much lower than it has been for the last several years before the Great Recession. Just briefly, if you look at giving to religion, it grew 1½ points for the last 40 some years but look at during this recession. It has had a dramatic decline compared to the historical trend. One of the things we found in our other research is that if people don’t attend Mass, mosque, synagogue, they don’t give. Now we do find that non-believers on average do give a miniscule amount. I call that insurance. [LAUGHTER]

Giving to foundations, I just include this because pretty dramatic swings.

![Giving to foundations, 1978–2011](image)

*Gifts to foundations began to be reported in 1978.
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When the economy is booming, giving to foundations is booming. When the economy declines, people think, I don’t need to make that investment to my family foundation today. I can postpone that and they have.
Giving to human services, we see a strong business cycle effect here and we saw a nice recovery following the Great Recession or during Great Recession but we’ve seen a tapering off this last year.

This is the market share on the uses side and I just put this up to point out that for about 25 years giving to religion was 47 percent or higher, almost as high as 60 percent for five of those years. It’s declined very dramatically. International was 2 percent when it first started cracking it and now it’s 7 percent for the last five years combined. So international has been the key beneficiary. And giving to foundations has been one of the faster growing subsectors as well.
I suspect that Tom Pollak’s going to talk more about this so I don’t want to steal too much from his thunder, but one of the things we see is that the IRS required that charities register and they lowered the filing threshold from $25,000 to $5,000. They contacted nonprofits and if they didn’t say they were alive and still kicking, they got kicked off the rolls. And so about 200,000 charities dropped off the roll.

I don’t think that’s going to lessen competition or dollars. I don’t think it’s going to lessen competition for resources. I don’t think it’s going to lessen competition for media attention for nonprofits. These are largely organizations that were probably already defunct and had just not declared themselves dead to the IRS. Now Tom may disagree with that but I think that’s mostly the case. I do want to put in a plug for Giving USA. The executive summary is freely available at www.givingusareports.org. Thank you. [APPLAUSE]

TOM POLLAK: Thank you Patrick for that fascinating presentation. And although my remarks now will be brief, if you’re interested, this is my advertisement here, we will be releasing a new Nonprofit Almanac at the end of July or early August and for further details on some of the numbers I’ll be talking about today, please by all means come to our event and order a copy of the Nonprofit Almanac now online at the Urban Institute’s website.

So my goal with this presentation is to talk briefly about the context of private contributions in the larger financial context for public charities, and more specifically, for those public charities filing 990s or 990EZs. What we see in the nonprofit sector is overall private contributions account for approximately 13 percent of the total revenue of public charities but within that 13 percent there are huge variations by subsector. For the arts, private contributions accounted for 43.4 percent of total revenue in 2010, which is our latest number, up slightly from 42 percent in 2008. Education, the numbers are much, much smaller, not surprising when you think about...
how much you may have just paid for your college tuition or for you kid’s college tuition. Overall, private contributions represent only around 12.5 percent of total revenue. In healthcare, once again the numbers are actually very small, only around 3.4 percent of total revenue in the healthcare field from private contributions. Human services is somewhere in the middle, around 19.2 percent of total revenue comes from private contributions. The important thing to note about human services overall is that they are especially vulnerable to cuts in government. What we see and I assume this will be discussed more in Bill’s presentation on July 24th about Hull House, government revenue accounted for nearly 50 percent of the revenue of human service organizations, making them especially vulnerable to cuts in government funding, making them I think especially interested in increasing their levels of private contributions in the future.

As Patrick discussed, the international sector has grown by leaps and bounds and private contributions have also grown by leaps and bounds as proportion of the revenue for international organizations. We see that proportion jumping from 63 percent only two years earlier. Environmental organizations are once again very dependent on private contributions. Around 47 percent of their revenue was from that source.

So that kind of gives you the broad financial context. Let me talk now a little bit about the preliminary data that we have available from 2011. What we do each year is look at those organizations that have filed their fiscal years 2011 returns. So as of this month, what this reflects is organizations that may often had fiscal years that ran from say July 1, 2010 to June 30, 2011. So it’s not necessarily the same as the calendar year that Patrick is talking about but it begins to give us a sense about what is happening in the sector. So this year we have data on around 179,000 public charities and private foundations, which is approximately half of the organizations now. And what we focused is the total revenue number and the extent to which organizations are showing increases or declines. I’d say what we saw last year was actually surprising in the context of the Great Recession. We saw that a few more organizations showed declines then increases. This year the numbers have switched. Not hugely so what we see is nearly an even split. Overall we see a 2 percentage point gap with 37 percent showing significant increases compared to around 38.6 percent showing declines. In the arts it is very much an even split, around 37 percent showing increases and 35 percent showing declines. Specifically the increases and declines have to be greater than 3 percent before we will count them as increases or declines. In education we also see a relatively even split with 32 percent showing gains and 31 percent showing losses. Last year we saw 37 percent showing increases and 41 percent showing decline. So the performance of the education sector looks a little bit better than last year. In the environment, once again, they’re still in the positive column with 36 percent showing gains and 33 percent showing losses. Healthcare shows slightly more winners than losers with 32 percent showing increases compared to 29 percent showing losses.

Human services was one of the few exceptions to the general trend, still it wasn’t awful. What we see is around 27.5 percent of the human service organizations had substantial increases compared to around 28.2 percent showing declines. International was really dead even this year, around 35 percent increasing and 35 percent declining. Finally, I think just as Patrick showed with the giving data that there is catch all category of public and societal benefit, we show around 33 percent winners and 31 percent losers. The one area that really showed remarkable gains was actually in the private foundation world where 49 percent of the private foundations
showed substantial gains and only 41 percent showed declines. I would expect that this is largely driven by their investment portfolios, since it clearly isn’t the result of increases in giving to the private foundations.

As Patrick was alluding to at the end of his presentation, you really have to take the total numbers with a grain of salt. Literally hundreds of thousands of those organizations were knocked off the list because they didn’t file their ePostcards. So we really do think that is not a meaningful number in terms of measuring the level of nonprofit activity and new organization creation and death. What we focused on instead is the number of organizations being created each year and these numbers do tend to fluctuate fairly substantially from year to year. Sometimes it reflects real changes in the philanthropic climate but it can also be affected by what is happening with the IRS processing inside the walls of the IRS. You know, at one point they had some challenges in processing a new application. So that resulted in fairly substantial declines.

So with that sort of caveat, what we see this year is around 41,000 new public charities and around 2,500 private foundations created. For the public charities, that represents a 2 percent decline from the previous year. For the private foundations, that actually represents a 4 percent decline. Interestingly, this kind of stands in some contrast to Patrick’s statistic about the increasing focus on family philanthropy.

In conclusion, I think what we see is a fairly mixed portrait in terms of nonprofit finances. The other really notable number that I think that it’s important to look at is differences in the winners and losers between the large organizations and the small organizations. That is the one area where we really begin to see a substantial difference. Small organizations between 2010 and 2011 faired substantially worse than the larger organizations, so our preliminary analysis specifically focused on smaller organizations with revenues between $250,000 and one million. And what we see for those organizations is 25 percent showed some increase versus 29 percent showing substantial losses. In contrast, the largest category of organizations, those with more than $10 million in revenue, 29 percent showing substantial increases and only 21 percent showing substantial declines.

At the risk of having speculations made like some of the CNN commentators yesterday talking about the healthcare reform legislation, let me make a little prognostication here. I certainly see tough times ahead for small organizations. I see increasing interest, especially among large donors, to focus on funding the most effective organizations, which tends to put the smaller organizations at a disadvantage and these numbers are beginning to sort of show some of those effects. When we think ahead about where the sector is going, I think the risks of major government funding cutbacks continue to loom, especially depending on what happens in November. On the positive side, I think the sector has shown itself to be remarkably resilient and I think this distribution of winners and losers shows that organizations over all are remarkably adept at adapting to changing economic conditions. So on that count, I think there is room for very modest optimism. Thank you. [APPLAUSE]

WENDY MCGRADY: Good Afternoon and thank you for spending part of your afternoon with us exploring Giving USA and its implications on your work. As a fundraising consultant and a
member of the Giving Institute, I work every day with nonprofits trying to raise significant amounts of money. You’ve heard the numbers—a modest increase of 4 percent in giving last year. You’ve also heard that a slow recovery is predicted and that it may take years for us to return to previous giving levels. As a development officer, as an executive director, as a board member, what does this mean to you and to your organization? What matters most now is what you do with these numbers. How do you respond? For just a few minutes I’d like to offer my perspective on some of the numbers and suggest a few action steps for your consideration.

First of all, I’d encourage you to share these numbers in Giving USA. Donors, board members, volunteers like to know what’s going on nationally in philanthropy. It gives them some framework for their work and how your organization fits in. When you share the numbers, carefully consider how you’ll communicate your organization’s status and progress. I understand the reality of the past few years of reach and stretch and sometimes unrealistic budget goals. But I also realize that we all want to be a part of something successful. We all want to be on the winning team. So when you’re communicating with volunteers or donors share your challenges absolutely but share them in light of what you have been able to accomplish in these challenging economic times.

I’m not suggesting you sugar coat anything or distort the truth. I’m just saying to take the opportunity to share your positive results while educating them on your challenges. As nonprofit professionals, as development professionals, if you can’t communicate your challenges while motivating a donor or a volunteer to think about how you might more effectively achieve your mission, who can? When you share the numbers, consider your own perspective. Don’t forget that while we are in a very slow recovery, most of the economic indicators that impact giving are moving in the right direction and bode well for a continued albeit slow rebound in charitable giving. Don’t forget that even in the last few years while Americans have had to make tough decisions, they have remained committed to the core values of giving and to helping others and still gave $298 billion to charity, on average 2 percent of their disposable income.

After you share the Giving USA numbers, determine your focus for future development efforts and focus where you are most likely to see the impact of your work. Many people in this room have likely been faced with cuts in federal, state, and municipal funding and you may be trying to diversify your revenue sources. Smart. Let’s look for a minute at the sources of giving that you saw in the source pie chart. And as you consider your prospects, consider these facts. Foundations representing 14 percent of all charitable giving continue to try to meet needs despite decreased assets, but when distribution is based on the three year trailing average in the value of their assets it will likely be sometime before their assets rebound and before their endowments and their giving levels rebound. Corporate giving at 5 percent of all charitable giving holds steady essentially at where it has been for the last 40 years between 4 and 6 percent. You may still be successful at securing corporate sponsorships, but unless your organization is closely aligned with the corporation’s strategic priorities, corporate funding is not likely to be the primary source of revenue for your organization. As we’ve heard, individual giving up 3.9 percent this year and is up 8.5 percent cumulatively in the last two years. Individuals continue to be the primary source of giving. Think of it this way. As Patrick said, 9 percent, $9 out of every $10 given is given by an individual. So when you’re discussing prospects with your board and
your colleagues, and your volunteers, if you’re not focused on stewarding current donors and cultivating new individual donors, you’re missing the mark.

These percentages in giving, the pie chart, follow a long trend and are not the result of the recession. For the 56 years that Giving USA has analyzed and reported on charitable giving individuals have always given the bulk of charitable dollars. What has changed is the growing number of nonprofits fighting to receive those dollars. Even though the IRS certified over 200,000 nonprofits last year inactive and defunct, others are still being formed. There are still over a million nonprofits in our country. What this means to you is that your organization has to work even harder to stand out. As high net worth individuals consolidate their giving into fewer pie impact gifts, how will your organization become or remain a philanthropic priority. At the risk of oversimplification, I would suggest it’s all about relationships. If we do this right, development is not a transaction. It’s about building long-term relationships. You don’t want one gift. You want loyal donors and loyalty is built on trust and with time. So are you stewarding current donors? Are you creating meaningful ways to engage them? Are you converting volunteers to donors and analyzing mid-level donors for capacity to increase? Are you cultivating these prospects? Do you know how your top donors define return on investment? And therefore, how best to communicate your effectiveness to them.

And since we’re talking about relationships and communication, consider how you demonstrate your organization’s value to its supporters. How do you discuss ROI with an investment-minded donor? It’s more critical than ever that your mission and your message are clearly articulated and that you and your board members are able to make a solid case for investment. Speaking of board members, are you bringing on board members who can tell your story, who can open doors for your organization? Are they giving, and if not, how can they help you ask? Finally, are you being proactive and aggressively moving your development program to the next level, whether it’s a major gifts initiative, a capital campaign, or an endowment campaign? For the last three years, many organizations have been sitting on the sidelines waiting to see what happens. The smart ones have been planning and positioning themselves for a stronger place once the economic winds began to shift. This year many organizations are reentering the game at the same time. There has been a significant increase in activity around campaigns. Planning for major campaigns or initiating ones that have been on hold. Successful development is 80 percent planning and 20 percent implementation. If you haven’t started planning for whatever is next, you need to move forward. Major gifts are being given. Billion dollar gifts may be significantly down but major gifts are still being given and the organizations that are doing development the right way are receiving them.

So we know giving is moving in the right direction and we hope to see continued steady growth. But in the meantime, focus your efforts where they can have the most impact. Sound development practices work in good times and in bad. Communication, stewardship, cultivation, and a focus on engaging individual donors in meaningful ways will help your numbers whether or not the aggregate numbers change. There is always a fire to put out, always something that takes us off task. But I encourage you to read Giving USA. Digest the numbers but consider the impact these numbers have on your organization and come up with a few action items of your own as a result. Thank you. [APPLAUSE]
RUTH MCCAMBRIDGE: I believe they ask me here every year because I’m the person who says, “Yeah, but…” So I’m going to say that again today. There aren’t any real surprises in the numbers but I think there are some subtleties that are worth talking about. And they aren’t very subtle when you’re on the ground but they are subtle when you look at these numbers. So before I start doing that, I do want to say something about NPQ, formerly known as the artist formerly known as The Nonprofit Quarterly, because we actually do not publish a quarterly anymore. We publish our journal quarterly but we actually publish daily. So it has been a number of years since we were a quarterly publisher but our name is still The Nonprofit Quarterly or NPQ. I want to talk about this for a minute because I just want to tell you the way that we track trends in the environment. We have what is called a collaborative journalism model and what that means is that we have a number of people all over the country who write for us. One of them actually is sitting in the back of the room, Anne Eigeman, who is a lay journalist with us who writes newswires. The people that write for us all around the country basically watch the news very carefully. They watch everything about philanthropy, everything about nonprofits, everything about the environment in which nonprofits and philanthropy exist. And then over time, we collaborate on building our understanding of what it is that is going in the environment. We collaborate on individual stories, whether it’s about donor-advised funds or it’s about, the United Way or whatever it may be. It’s a lot of people contributing their intelligence to an analysis of what is going on in the field. So for those of you who do not already subscribe to our free Nonprofit Newswire, go to nonprofitquarterly.org and subscribe. It’s well worth it. There are a lot of people that I run into that say it’s really the one thing they read every single day. So that’s my advertisement for the day.

Now I don’t want to be Debbie Downer but when I first saw the material from Giving USA was that our climb back up this hill, if we are indeed climbing up the hill, is very, very slow indeed. So our article about the Giving USA numbers was entitled, “Giving USA 2012 Indicates a Long, Slow, Uphill Slog…If We Are Lucky.” And the ‘if we’re lucky’ part really has to do with we don’t know where we are going with this recession. We are looking at Europe in a state of disrepair and economies in real tumult, and we really do not know if we are climbing out of this recession at this point or not. And so if in fact we move back into some doldrums for a while, giving is likely to take another hit and it may be in fact longer before we can start that climb back up. However a reader of ours made a good point last year, which is why should we expect something to continue to grow unrestrainably? Things don’t do that. There are limits to growth. It is a law of systems. Things cannot grow forever and so maybe we have already seen the top of philanthropy in this country. We don’t know. And so what we have to do is be careful. Look at what it is that we’re doing at this point and understand that between the lines here of this report, there are some very important facts that we also need to pay attention to.

I do want to say, going back to the trajectory of the recovery of giving, that we are probably recovering at about three times more slowly than we did at the beginning of this decade and five times more slowly than we did in the 1970s. So what we are seeing right now is really a historic slowness in the rebounding of charitable giving. Having said that, I think there are some pieces in the Giving USA numbers that are particularly important. Patrick often talks about having to look below the surface where there has been a mega gift. He talked particularly in the bequests area that it can be very sensitive to the death of one or two very well off individuals to see a
number of percentage points increase in bequests. The same holds true in some of the other areas. If you read the summary of the report, what you’ll see is that in the area of arts, for instance, which was pretty flat, there was one $800 million gift to a museum in Arkansas. Well, if you take that out of the equation, what you’ll find is that giving to the arts decreased. So unless you look at the details of what is going on, you may not see that.

This gets to Tom’s point that what we might be seeing here is a polarization among large and small organizations, very well off and not so well off organizations. That means that the same polarization that we’ve seen in our economy in terms of the very rich and the poor is something that we’re seeing mirrored in the nonprofit land. And that’s no surprise. If you’re connected to money, it is easier to work those relationships. But if you don’t have the relationships in the first place and you’re located in a rural area and you don’t know any rich people, working those relationships, it may not be as obvious to you how to do that. We might have this increasing schism between poor organizations and organizations representing poor people being made up of poor people being led by poor people and organizations that are much better off and much better connected. Patrick said that a large number of the million dollar gifts go to higher education. Now when the education organizations lose a little bit of money, do you think they disband their fundraising departments? No, because they don’t have to. They have got an endowment set up. They know they have to get through this period and keep their capacity to maintain relationships with people who are capable of giving through the period of time when they’re not giving, through the period of time when they are giving. It’s critical obviously. But if you really are running $250,000 organization and you’ve lost 25 percent of your income and you’re faced with increased need, how likely is it that if you’re not seeing a return on an immediate investment in development that you might cut the investment person’s time? It’s obvious. So you have to look at the dynamics of it to truly understand it.

If you look at something like the corporate giving, if you look below the surface, you notice that we are now seeing giving to individuals as 1 percent of the pie, it’s new because it’s up there. But a good portion of that is pharmaceuticals giving to individuals, which means that the corporate giving is not cash giving. A good portion of what we see in that corporate giving is, in fact, in kind giving. So for a nonprofit that is not necessarily a flat or a growing area. That’s an area that you might be feeling very stringent reductions in terms of cash gifts.

Giving to foundations has gone down. And you see that the area of the public sector organizations is pretty flat. What has gone up incredibly are donor-advised funds in the gift funds. So my bet is that giving to foundations has gone down because people are choosing not to set up their own family foundations and not to put it in the local community foundation but to put it at the Fidelity’s, the Schwab’s of the other holders of donor-advised funds and that what we will see underneath the service in that public sector organization category is not just the donor-advised funds in the gift funds but it’s also United Ways and federated giving programs. I would bet that the giving to the United Ways and the federated giving programs is down. This, again, for community organizations is a problem because the money that’s going into the donor-advised funds are nontransparent funds. Nonprofits don’t necessarily know who is included in those funds at those financial firms. So where we had some access to United Ways, even if we didn’t always love the way they functioned, right now unless you know somebody who got money in one of those funds and you know that you can ask them for that money, you basically don’t
have access. So the tradeoff between if we have seen a decline in the federated giving area and the increase in the donor-advised funds and the gift funds, that tradeoff may not be good for small community-based organizations at all.

So I do think that we’re looking at a pretty serious situation for community-based organizations. Again, I said this last year. We are looking at a polarization between large and small organizations that’s driven partly by infrastructure and capacity. It might be a self-reinforcing loop that people have, that some organizations have been starved to the degree that they’re now not energetic enough to be able to move forward with the kind of giving that is going on at this point.

I want to say one other thing about this because I think there’s some interesting dynamics going on in giving that we’re not paying enough attention to. And one of them is that we see all the stuff about the democratization of giving that happens through text giving and social media. So that may be in part what’s driving some of the international giving because if we see something happening in Haiti, we see something happening in Japan, we’re able to give fairly easily even if it’s just small amounts. You have a lot of people giving small amounts to particular causes. They are not giving to the organization. They are giving through the organization to the cause. So what’s happened is that organizations are having a hell of a time trying to retain those donors. They are not the same kind of donors. They’re more free agent kinds of donors. It’s a change in an era in terms of the relationship to institutions. So again, we have a lot of smaller givers that are giving periodically and giving as things move them, not necessarily attached to organizations. The Red Cross is pouring huge amounts of money into researching this problem right now because they will get a lot of donations for a particular disaster and then people don’t give again. They keep on trying to solicit them and they are not responding because they’re not interested in funding the Red Cross. They’re interested in funding something that’s gone on in Haiti.

So what I’m saying is that I think the dynamics of giving are in fact changing quite a bit. There are some things that are very disturbing about the picture we see in front of us, including a polarization of the large gifts at the one end and then we see giving generally dropping off. But I think that I’m just going to take one example and then say that this tends to hold true. If you are trying to attract people online to your giving program, what tends to keep them involved with you is if you are not attracting them to your giving program but attracting them to you. So how many of you here use Wikipedia? Wikipedia did a big fundraising campaign at the end of last year. A big banner on top of every page with somebody looking out at you and saying that they work for Wikipedia either as a volunteer or as a staff person and this is why they think it’s important. That campaign raised $20 million. And it was a very easy campaign to run and it was run by their foundation with the media. What is interesting about this is not that they raised $20 million but that the difference between the giving of the people who actually have put their hands to the editing work at Wikipedia was much higher than those who were just using it. So if you can just remember one thing about what I’ve said today, remember that if you can engage people in the work of the organization in some way, this is an old adage, volunteers cause giving, right? If you have an active volunteer program, you have advocates for you. You have people who feel like they build that and they want to keep it going. The editors at Wikipedia gave many times the rate as the people who just used it.
I think that there’s something happening in this atmosphere that says giving is going to change. We have to keep up with it. We have to keep up with the research, make sure we know exactly what’s working and what’s not working for organizations like ourselves, not for major universities, not for major hospitals with big development departments but organizations for ourselves, what’s working for them, what can I do? And thank you very much. I want to show one thing. Tom and us work on this every couple of years. This is a map of the nonprofit economy and if you will see all this stuff down here, the little stuff, that’s the charitable giving. This is fees. That goes into the nonprofit sector and this is government’s spending. You can see that this down here, it is still a small portion of our entire budget, which is what Tom was saying. But this is a pretty version of that. Thank you.

HOLLY HALL: Thank you Ruth. [APPLAUSE] And I guess we want to open it up to some questions now. Yes, sir.

Q: My name is Melvin Hardy. I represent the Millennium Arts Solano, which is a small community-based organization here in Washington, DC and what is called the New Beginning Initiative, also here in Washington, DC. I concern myself with the arts and culture groups, a small community-based, culture organizations nationally and I’m responding to the great work coming out of the Center for Responsible Philanthropy, which actually looks at the crowding out effect of the small versus the large organizations and polarization. I’m also looking at the Pew and their cultural data project. And I’m trying to see how you professionals reconcile that work with how we small nonprofits are looking at this environment today.

TOM POLLAK: Trick question. I don’t have any good solutions out there. I think there is potential in collective fundraising among smaller organizations. That to me is where the future is. I’m actually running from this presentation to another presentation in Ward One of the city where we’re talking to a number of organizations about how they can work more effectively together given tough times. I think it’s very difficult for organizations to move to that kind of model, which tends to be kind of place based, just like we see this emphasis now on place based provision of services. But I do think it has the potential to do the kind of things that Ruth is talking about. Get people more deeply engaged and then over the long run, those people will become your donors and supporters in lots of different ways.

PATRICK ROONEY: I’m going to not disagree with the comment about the polarization between the large and the small charities. I think that’s very real. The large organizations got large organically, slowly over many years typically. Some of them started out as large organizations because they were universities and colleges and they added development functions later. But I think the issue for the small charities is not that the large ones are doing better but how do the small ones survive. And one of the good things about being a small organization is the target you have to reach to survive is also much smaller. The large organizations have a big target they’ve got to reach every year to survive or to replicate themselves. Tom’s point about collaborative fundraising is a good concept. I think it’s hard to do in reality, but I also think for many small charities, if you have a devoted board, a devoted staff, you can replicate yourself and sustain yourself in hard times ironically in an easier way than the larger organizations.
WENDY MCGRADY: Covering this recession is probably the story of my career in fundraising and I don’t think any type of organization was more challenged than the arts, particularly at the local level. We tracked mergers and shut downs of nonprofits and I think the arts were particularly high in terms of organizations that were having to close their doors and I think in this kind of environment if organizations just sat there and did the same thing they always did, it was not going to work or they were going to be putting themselves in jeopardy.

One of my favorite examples was in a small southern town like Charleston or one of those cities. The arts organizations, the small symphony, the dance troupe, the theater, they all got together and they did joint advertising for their seasons. They got a community foundation grant to do the advertising and they set a goal for how many tickets they were going to sell for all their organizations and they beat it. They actually came out ahead of their goal. And there are so many examples in the arts of how they have really opened themselves up to the community, going out and playing on a subway system just to expose yourself to the community or teaming up with partners, like a symphony teaming up with popular music to offer performances that they’ve never done before. So at the same time these groups are challenged, there is also a lot of innovation that’s really inspiring.

Q: Hi. I want to follow-up on that. My name is Philip Katz and I run the research office in the American Association of Museums. We track some of these issues closely with our members and a lot of the findings that we’ve had very much match. But one of the disturbing things that we’ve seen is how museums have tried to balance the shortfalls of income, especially at a time where the demand is up. We’ve seen for three straight years increased demand across the board and increase in restrained resources. And I guess there are two quick things I’d like to say about that. One is we’ve seen some disturbing trends where the way you balance those things is to cut back on maintenance and to cut back on human resource development. They are laying people off, not fixing the things that need it, and not sending their people to conferences. Our association relies upon our conference to help balance our books and conferences are area where organizations are cutting back. So it will take a long time to figure out the effects of that.

Also we are seeing some experiments in people trying to figure out how to keep the fundraising going because it’s not clear whether the new visitation pattern, the new giving patterns, whether we’ve reset things to a new normal or whether at some point things will snap back to the way they were. We don’t know if the people who are on margin have said that it’s a good deal to go to a museum now because it’s cheaper marginally than something else. Whether two years from now when they have more cash in their pocket they’re going to say that. So we’re very high on some of the mobile based giving, not just because it’s flashy but the people who are saying, if we can have an experience for our museum goers in the gallery that follows their handheld device and gives them the option to give money right there then it’s part of the flow. That’s where the future’s going to be to help keep the gifts going. Except for the large museums that will keep getting the million dollar gifts or the Arkansas gift, but that’s unusual.

RUTH MCCAMBRIDGE: I want to say something about this because I think it’s very hard for me sometimes to think about giving and budgets and not think about the business model. One of the problems with some arts organizations is they have a bunch of fixed costs. I mean a museum is generally some place and it then has to do upkeep on the facilities. The facilities may have
lost a lot value, so you’re now in the situation where you actually have a problem of too many fixed costs, not enough revenue, etc. But I see some experiments going on that I think are just fabulous. Like there was crowd-sourced funding of a particular statue for the Museum of Fine Arts that was fabulous. And it’s getting people involved in those kinds of things that I think is what we’re beginning to see. There are some arts groups who have just decided that they don’t want a facility anymore. They’re just going to go where the crowds are and do business that way.

I actually think that what we’re seeing is that we’ve changed eras. Economically we’ve changed from the industrial era, where you had to have a facility, where things were produced, to something that’s a lot more mobile and networked. And what we’re seeing is experiments by certain kinds of groups is a replication of program models in those groups. I actually think it’s in some ways exciting if it wasn’t so painful. [LAUGHTER] I mean it is painful when you did a capital campaign and have created a setting to even consider letting go of the setting, particularly if it’s at a loss. But it is what a lot of arts groups are faced with.

PATRICK ROONEY: I just want to make one comment on text giving. Texting is a fundraising strategy because I think in some cases these are dollars that organizations would not have received anyway. So I don’t want to devalue that or say not to do this. On the other hand, the Center on Philanthropy tracked giving following the attack on America. We followed giving following the Asian tsunami and Katrina, and what we found was that in each of those the average gift level was between $125 per household and $135. The median for all those disasters was $50. We did not have funding to do giving following Haiti or the tsunami in Japan but my hypothesis is that the mean and the median both fell dramatically because of text giving. So I’m giving $5 or $10 by texting, whatever the deal was, and I’m done. It’s won and done. I did my thing and I’m moving on. So the average gift level is going to drop from $125 and the median is going to drop as well.

The other thing is that if you give by credit card or by check or by mail, the charity has a way of contacting you. They can steward that gift; they can follow-up; they can cultivate you for future gifts. Texting by giving, you have no way to go back to those donors at all. So as a fundraising strategy, it’s not great.

WENDY MCGRADY: I would add to both your question about the small community arts organizations and your comments on museums. At the Curtis Group we work with both types of organizations and my colleagues at the Giving Institute work with both very small and very large arts organizations. And while these creative ways and vehicles of giving are good and we need to continue to offer them to donors as options, there are some tried and true things that work in good times and in bad. One of them Patrick alluded to at the end of his first comment and that is your board on a small community arts organization has a greater chance to make an impact on your organization than probably the board of a large museum or national arts organization. So who you choose to be on your board nominating committee, your board development committee, and your board governance committee becomes even more important. It has a key role in the future of your organization because bringing the next person on to your board could really potentially impact the revenue and the giving to your organization.
Q: My name is Ashby and I’m from the National Conference on Citizenship. You mentioned that personal donations have seen a steady incline since the recession and to me that’s not very surprising. But have you taken into consideration how other forms of giving, such as volunteerism, have compensated for the lack of private donations?

PATRICK ROONEY: One of the interesting things is that in our Center on Philanthropy panel study we find that in any given year about two-thirds of Americans donate and their average giving is between $2,000 and $2,500, depending on the business cycle. But that in year to year there’s some variation. So that over the course of a three-year sample 15 percent of households never gave a nickel. They are hard-core non-donors. Write them off. But only 56 percent gave every year, so there is some mobility in and out of the donative profile.

Among volunteers you see a similar pattern but it is much lower. It’s 25 to 30 percent of households are volunteers. Most of the people who are volunteers are also donors, though not always. So as an economist you would think about substitutability and complementarity of goods. Therefore while some people might say I’m going to volunteer instead of giving because I can’t afford to give and other people might say that I’m giving so I’m not going to volunteer. In fact, we see a great synergy between these activities that most people who are volunteering are also giving and most people who are giving are more likely to be a volunteer as well as a donor. So I guess the answer is probably not that there is this big tradeoff there but rather that they tend to move hand in hand. For some younger people, I think that it may be that there’s a sense of I can’t afford to give money but I can afford to give time but for boomers and the silent generation, they’re still doing both, if they’re doing either.

Q: Thank you for the great talk. My name is Julia. I’m from the Center for Global Prosperity here at Hudson. We do research on international philanthropy. I would just say, a lot of international philanthropy is because of cause related giving because of Haiti but I think the relatively consistent huge percentage points argue that it can’t be all because it had been so sustained. I was wondering if there’s any data or just opinions in terms of the macro side of that. Why has international philanthropy been so popular? Is it just a fad the last 20 years? And on a microscale, is there something that international organizations do better than US-based organizations to attract that money?

WENDY MCGRADY: Well, from our point of view, I think that international causes are popular among many donors, many of them wealthy donors, because your donation goes so much further oversees in some of these places that are attracting the support. That is one part of it.

PATRICK ROONEY: Absolutely. I’ve heard donors say, ‘Look, for the same dollar amount I can train one doctor in the United States and I can train 100 doctors in Africa.’ So there is a difference in both the perceived need but also the perceived ROI. The other thing is that there’s been tremendous growth in the number of international organizations that are fundraising and so there’s a supply and demand thing happening. If we have more organizations out there fundraising, they are either going to go out of business or they’re going to be successful and raise more money. So I think that’s part of it as well.
Q: Hi. My name is Kevin Laskowski. I’m with the National Committee for Responsive Philanthropy. We are responsible for the fusing arts, culture, and social change report that the gentleman mentioned. The impact that small and community-based arts organizations can have, what’s going on in the arts field right now, what donors can do if they want to increase their impact in that area. My question has to do with the level of giving over the period of time. You mentioned that for the 40 years, almost 50 years, that you’ve been doing this, giving has remained at roughly 2 percent of gross domestic product. Giving and the level of it does not change. It hasn’t changed in four decades. What it has done is it’s shifted. Who gives money, what that money goes to, and I wanted to know what are the notable shifts that you’re seeing other than you’ve mentioned the decline in the giving to religion. You’ve mentioned the growth and the shift in the use of different financial intermediaries, giving through foundations as opposed to directly giving, through donor-advised funds as opposed to foundations. What among those shifts excite, inspire, or concern you?

RUTH MCCAMBRIDGE: I’m concerned about the lack of transparency in the donor-advised funds at the gift funds. And just because I feel like when those donor-advised funds are at community foundations, you can see that they are there generally and there is some level of potential access to them. There’s really no obvious way to approach the donor-advised funds at the gift funds. So that does concern me. I feel like there’s some obscurity there that makes those of us who don’t already know a lot of rich people at a greater disadvantage than we have been in the past. So that concerns me. I think the gift fund growth is very interesting. It grew 77 percent in just one year over the last year.

PATRICK ROONEY: I want to be careful with what I say. I’m not disagreeing with that but a good piece of news I think that is worth mentioning is on the bequest giving, about half of the charitable bequest giving is going into family foundations. So is this good news or bad news? I think for those of us who are fundraising, you’d rather see that money come to your organization directly. On the other hand, the Polyanna in me says that that money might not have come there anyways. The parents and the grandparents that are creating the wealth are both protecting their children from driving nice cars and not working too easily and they are putting money into a permanent commitment to philanthropy. So those dollars will be there for generations to come, whereas if they gave all that money to their children and grandkids it may be dissipated very quickly. I think that’s good news and those dollars are in fact transparent. That is part of the public record and a part of the public trust.

The rest of the bequest giving, the largest numbers of those gifts goes to Mass, mosque, synagogue, your local church, congregation, and so on. But those tend to be smaller dollar average amounts, less than $40,000. Then the rest is distributed among other charities. The other piece about international giving is these longer-term trends. We see this particularly following the attack on America, but going back to 1987, I think that Americans are recognizing that we are not fortress America. We are part of a larger globe, part of a larger setting, and a shared planet. And whether we want to admit that in a geopolitical sense, I think that in philanthropically we seem to acknowledge that and embrace that. So it is part of that growth trajectory.
I won’t say this as a personal value set, but I think empirically it’s fascinating to see this acceleration in the decline of giving to religious organizations. So one of the things we’ve seen is that attendance at Mass, mosque, and synagogue has declined for every generation. Boomers attended less often than the silent generation and Millennials or Gen X’ers attend less than boomers. And though every generation on this says, ‘Oh those kids, they’re worse.’ Well, here we have an example where if you’re looking at a major religious organization, the long term forecast, that doesn’t look very pretty. So I think that’s an interesting thing. I’m not thinking it’s good or bad but I think it’s an interesting trend.

RUTH MCCAMBRIDGE: We haven’t even talked about this but an interesting study came out of US Trust the other day about high net worth individuals that would suggest that you should make baby boomers your very best friends. Because baby boomers had a significantly lower rate than either people younger or older than them. It said that they would rather not give money to their children and a good portion of those said they would rather give it to charity.

The other thing that’s interesting about that is that those guys also don’t let anybody know what their wealth is. So they’re hiding their wealth even from their kids. That’s what that study said. So even if someone is saying to you, I don’t have any money. Don’t be my friend. You should go ahead and make them your friend anyway.

PATRICK ROONEY: Ruth’s comments show the importance of prospect research.
[LAUGHTER]

HOLLY HALL: That concludes our panel. Thank you everyone for coming. [APPLAUSE]