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**CURRENT TRENDS IN PHILANTHROPY:  
Online Resources to Keep Your Fundraising Goals On Track**

**Alec Dickey, Senior Consultant**

For many cultural organizations, the end of summer marks the closing of the fiscal year, a time for assessing past performance, celebrating successes, and rethinking missed opportunities. Adjusting long-term strategies and goals in response to an analysis of year-end data is an essential factor in effectively managing and measuring an organization's financial success. But focusing only on comparative dollars raised from campaign to campaign or year to year, without an understanding of broader philanthropic trends, may not fully explain the reasons for changes in an organization's contributed income.

Many nonprofit organizations fail to access updated information on national giving trends when undertaking their annual review. Such data, easily accessed on the web, can have a significant impact on how organizations perceive recent fundraising results, evaluate their overall performance, and shape strategies for long-term success.

Recent research from two widely regarded sources, Giving USA and The Foundation Center, provides insight on current philanthropic trends that can provide important context to organizations as they review their strategic development plans.

**CHARITABLE GIVING DECLINES**

***Giving USA 2009***, a publication of the Giving USA Foundation researched and written by the Center on Philanthropy at Indiana University, provides an excellent overview of philanthropy nationwide. It estimates that total charitable giving from all sources for 2008 was \$307.65 billion, a drop of two percent in current dollars from 2007. Individual donor contributions and charitable bequests accounted for 75% of the total giving (down from 82% last year). Foundations accounted for 13% of the total (up almost 3% from last year) and corporations for 5% (down 4.5%). This is only the second time, with the first being in 1987, that overall giving has declined since their first report was published in 1957.

The arts and culture sector received an estimated \$12.79 billion in contributions, representing a decrease of 6.4% (9.9% when adjusted for inflation) compared to 2007.

Only three of the nine sectors tracked by the report (religion, international affairs and public-society benefit) showed an increase in received funds last year. Arts organizations received 4% of total estimated giving across all sectors and from all sources in 2008 (down from 4.5% the year before).

**Giving USA 2009** also provides historical perspective on giving to arts and cultural organizations during previous recession years, noting, for example, that giving to the arts sector actually increased in seven of eleven recession years since 1968, even when adjusted for inflation. Its chapter *Giving to Arts, Culture, and Humanities* brings together research from a number of outside organizations, summarizing important findings from a variety of sources including GuideStar, *The Chronicle on Philanthropy*, and arts service organizations. It also highlights data from the Center on Philanthropy's semi-annual survey of nonprofit fundraising professionals which studies fundraising methods in depth, including the success of various fundraising vehicles such as direct mail, telephone, special events, major gifts, email, internet, etc. Among its findings, the survey reports that 82% of respondents in the arts and culture sector reported success at raising funds through planned giving in 2008 - higher than any other sector or any other technique and a jump of 66.7% from the previous year.

The complete report, published in June 2009, may be ordered by visiting [www.givingusa.org/gusa/gusa\\_order.cfm](http://www.givingusa.org/gusa/gusa_order.cfm)

## **FOCUS ON FOUNDATIONS**

Two reports recently released by *The Foundation Center* provide valuable insight into current activities of the more than 75,000 grant making foundations in the United States.

The first report, ***Foundation Growth and Giving Estimates, 2009 Edition***, provides an overview of preliminary data on foundation giving in 2008. It estimates that total foundation giving increased an estimated 2.8% for the year (down from a 10% increase in the 2006 to 2007 period), growing from \$44.4 billion to \$45.6 billion. Total gifts increased by only 0.8% for corporate foundations and 2.5% for independent foundations. Community foundations posted more robust growth of 6.7% over the previous year. While these figures are down dramatically from the previous year's double-digit growth, the fact that foundation giving held steady overall is encouraging and may even seem surprising given the economic climate in the second half of the year. The report suggests that double-digit asset growth and investment gains in the previous two years (2006-2007) helped buffer the effects of the economy and notes that estimates of the decline in foundation assets for the end of 2008 (estimated at around 22%) were far less than those of the stock market as a whole. It also notes that increased giving by the Bill and Melinda Gates Foundation made a significant contribution to the "overall positive result."

The second report, ***Foundation Giving Trends, 2009 Edition*** offers an analysis of overall trends in philanthropy as well as a review of revised statistics for 2007, which includes a breakdown of the general sectors, including arts and culture, to which support was given. Findings of interest to the arts and culture sector include:

- Despite the beginning of the economic downturn at the end of the year, total grant dollars awarded for 2007 rose 13.2%.
- Seven of the ten sectors analyzed by the study posted double-digit increases in support from the previous year, with the education and health sectors showing the highest gains.
- Despite this trend, the arts and culture sector was one of the three sectors that posted a decrease in support, with a drop of 1.5% from 2006. The total dollar amount of foundation giving to the arts was \$2.29 billion, representing 10.6% of total foundation giving. While the level of support declined, the number of grants to the sector actually rose from the previous year - up 7.1%. It may be somewhat of a consolation, however, to note that in 2006 the arts and culture sector posted higher gains than the majority of other sectors.
- As in past years, foundations in the Northeast granted a significantly higher percentage of their dollars (15%) to arts organizations than their counterparts in the Midwest and South (11% respectively) or in the West (6%). All four regions showed a drop of between one and two percent in these figures from the previous year.
- As in 2006, community foundations provided proportionately more support to the arts than either independent or corporate foundations.

The report points out that many foundations determine their giving levels by averaging their own asset values over the two or more prior years in order to determine grant budgets. Because returns were so high in both 2006 and 2007 - achieving record levels in many cases - this practice will likely temper the impact of the current economy on 2009 giving. Of course, the downside of this practice is that the poor performance of investments in 2008 will be factored into giving levels for several years by those foundations.

A majority of respondents to the Foundation Center's *Foundation Giving Forecast* reported that they expect to decrease giving in 2009 (67.1% compared to last year's figure of 45.7%). Community foundations and foundations with giving levels between \$1 million and \$10 million were most likely to anticipate such a decrease.

Summaries of each report can be downloaded by visiting The Foundation Center's website, <http://foundationcenter.org/gainknowledge/research/nationaltrends.html>.

### **ADDITIONAL RESOURCES ON ARTS AND CULTURE SECTOR PHILANTHROPY**

Although less current than the reports noted above, two other resources available on the web provide excellent context for those interested in pursuing additional information on philanthropic trends and, particularly, financial support to the arts and culture sector:

***The Future of Private Sector Giving to the Arts - A Report on the Proceedings of the 2006 Americans for the Arts National Arts Policy Roundtable*** presents detailed information on philanthropy and the arts, some of which is used by the Foundation Center in its reports. It includes discussions on both the changing landscape of arts funding and declines in corporate support. A free download of the full report is available at [www.artsusa.org/information\\_services/research/policy\\_roundtable/001.asp](http://www.artsusa.org/information_services/research/policy_roundtable/001.asp)

***Arts Funding Snapshot 2006, Vital Signs*** published by Grantmakers in the Arts and available at [http://www.giarts.org/library/library\\_show.htm?doc\\_id=706707](http://www.giarts.org/library/library_show.htm?doc_id=706707) provides a wealth of data on arts funding impossible to glean from other sources, including the number of grants awarded by subfield during that year. For example: "In 2005, performing arts grant dollars increased by 2.4 percent [...] with the largest share supporting performing arts generally (including performing arts centers) followed by music (including symphony orchestras and opera), theatre, and dance."

Grantmakers in the Arts also moderates a website, Economic Turmoil and Change, providing insight into what grant making professionals are doing to meet the challenges of the current economic climate. Visitors to the site, including grant recipients, are encouraged to join in the discussion. Topic threads include: Ideas and Action: *What Funders Are Doing, Collective Thinking and Other Resources*, and *Change and Possibility: A Silver Lining?* Visit <http://giarts.wordpress.com/economic-turmoil-and-change/>

## FUNDING STRATEGIES FOR AN UNCERTAIN ECONOMY

With many negative factors acting on the current economy, it's natural for development professionals and governance leaders to be cautious when setting goals for next year. Indeed, The Center on Philanthropy's current survey of fundraisers' attitudes shows that the latest Philanthropic Giving Index score, a measure of current "fundraising confidence," was 64.3 on a scale of 100 for the arts and culture sector, down from 90.5 in 2007.

Continue cultivation and research. Many organizations react to such economic uncertainty by reducing expectations. Some actually scale back development efforts. This is almost always a mistake, particularly in the long term. A tight budget should never, for example, prevent an organization from performing donor cultivation, education, or expanding prospect research. Most often, a negative economic forecast should be seen as a challenge to refocus or even increase the resources devoted to development -- particularly prospect research.

Start by fine-tuning. Make certain you are using the many free tools available on the web to their full potential. For example, [www.guidestar.com](http://www.guidestar.com) is an indispensable resource for researching foundations, providing detailed information on giving guidelines, capacity, and scope. It even lists members of each organization's board of directors, a sometimes overlooked opportunity for identifying important connections to your organization.

Maximize volunteer resources. Many organizations fail to fully enlist the energy, enthusiasm, and expertise of their volunteers in fundraising efforts. Check to make sure your development department has evaluated the benefits of working with volunteers when conducting prospect research. You may be surprised at the skill level and expertise of people eager to contribute their time.

Remind staff, board members and key volunteers to keep an eye open for new foundations in your community and that strong relationships are essential to successful fundraising. Get to know the program officers of foundations that are a good fit for your organization. In uncertain times, these individuals may be critical to your long-term success. Corporations and foundations continue to downsize and it takes time and effort to identify and establish a rapport with new corporate and foundation contacts. This investment of time is essential to maintaining communication and understanding how best to present your organization's case for funding.

### **CONCLUSION**

Successful fundraising doesn't happen in a vacuum. Using resources like those mentioned above can provide important context to your organization as it develops fundraising goals and identifies new opportunities. Accessing such information can be a vital first step in assessing your organization's fundraising results and its financial performance and in shaping strategies for long-term success.

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how Arts Consulting Group  
can help you to achieve your funding goals  
in the New Economy***

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