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CURRENT TRENDS IN PHILANTHROPY:
Online Resources to Keep Your Fundraising Goals On Track
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For many cultural organizations, the end of summer represents the closing of one fiscal year and the beginning of the next. This annual transition period is often a time for assessing past performance, celebrating successes and rethinking missed opportunities.

Adjusting long-term strategies and goals in response to a review of year-end data is, of course, an important factor in effectively managing and measuring the financial success of any organization. But focusing only on comparative dollars raised from campaign to campaign or year to year may not fully explain the reasons for changes in an organization's contributed income. It is surprising how often arts and cultural organizations fail to access updated information on national giving trends when undertaking their annual review. This data, easily accessed on the web, can have a significant impact on how organizations understand their recent fundraising results, evaluate overall performance, and shape strategies for long-term financial success.

Recent research from two widely regarded sources, Giving USA and The Foundation Center, provides insight on current philanthropic trends that should be of interest to organizations reviewing their strategic development plans.

OVERALL CHARITABLE GIVING CONTINUES TO GROW

Giving USA 2008, 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 for 2007 reached the record-breaking level of \$306.39 billion, increasing by 3.9% over the previous year. Individual donors and charitable bequests accounted for 82% of the total with foundations at 12.6% and corporations at 5.1%.

Each of the ten sectors tracked by the report showed an increase in received funds with the arts and culture sector seeing an increase of 7.8% compared to 2006. Arts organizations received 4.5% of total estimated giving from all sources in 2007.

The report also presents findings indicating that the relative proportion of funding to various components of the arts sector has been fairly constant over the past seven years. Performing arts continue to receive the third largest share behind museums (number one) and media (which includes public broadcasting). Trailing the pack were arts centers and organizations focusing on history, the humanities, or literature.

Presenting components of important research by other organizations such as Americans for the Arts and the Business Committee for the Arts, the report highlights the significant drop in corporate support to arts organizations since 2000 (though, as indicated below, *corporate foundation* support is up). It also cites examples of successful funding proposals from across the country that highlight the creative ways organizations are approaching corporate partners. One of the standouts: a theatre in Baltimore that enticed one sponsor to double its previous gift by creating a program that encouraged teens to *bring their parents* to performances.

The complete report, published last month, may be ordered by visiting http://www.givingusa.org/gusa/gusa_order.htm.

FOUNDATION GIVING GREW IN BOTH 2006 AND 2007

Two publications released by *The Foundation Center* provide valuable insight into the recent activities of the more than 72,000 grant making foundations in the US.

The first, *Foundation Giving Trends, 2008 Edition* provides an overview of preliminary data on foundation giving for 2007. The report estimates that total foundation giving increased an estimated 10% for the year, growing from \$39 billion to \$42.9 billion. Total gifts increased by 6.6% for corporate foundations, 12.7% for independent foundations, and 13.9% for community foundations over the previous year.

The report offers a detailed analysis of revised statistics for 2006. Several of the report's findings for that year, which are based on new figures indicating \$1.65 billion less in giving than the Center's original estimate, should stand out to arts and culture professionals and their Boards. Among them:

- Foundation funding for the Arts and Culture sector rose 13.4% from 2005 with an increase of 7.5% in the actual number of grants. Total giving to all sectors rose 16.4% with a 7.35% increase in the number of grants. Still, the sector posted a stronger gain than the majority of other categories, including Education (9.4%), Environment (10.1%), and Human Services (9.1%).
- Community foundations gave a larger percentage of their support dollars to arts organizations than corporate or independent foundations.
- As in past years, foundations in the Northeast granted a significantly higher percentage of their dollars (16%) to arts organizations than their counterparts in the Midwest and South (13% and 12% respectively) or in the West (8%).

The second report, *Foundation Growth and Giving Estimates, 2008 Edition*, is a more complete analysis of trends in philanthropy but is not broken down by target sectors. In its overview of foundation giving through 2006, this report recognizes two primary factors responsible for the growth of foundation giving in 2006: A rise in foundation assets and the increase in the number of new foundations (foundations making their first grants that year represented \$449 million in giving). Other important findings include:

- Inflation-adjusted grant dollars have more than doubled since 1997.
- The total number of grant making foundations grew by about 2% in 2006 with independent foundations showing the highest rate of growth.
- The number of corporate foundations decreased by 2.3% in 2006, yet corporate foundation giving rose by 6.6% the following year. An important factor contributing to this increase is the fact that, in both years, total gifts from corporations to their foundations rose by 9%.

Despite recent concerns about the economy, more than half the respondents to The Foundation Center's *Foundation Giving Forecast Survey* (54.3%) reported that they expect to increase their giving in 2008. Only 28% expect to reduce their level of giving. Among those anticipating higher levels of giving, over two-thirds expect to raise that level by more than 5%. Community foundations were more likely to report an expected increase in giving for 2008 than corporate or independent foundations.

Foundation assets increased by an estimated 9% in 2007, a significant factor in the report's optimistic projections for the end of the year. Looking beyond 2008, the report predicts that foundations will "avoid substantial losses in the value of their assets" and be able to maintain "positive growth" in their levels of support in the near future.

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

In recent years, several organizations which presented data on giving to the culture in the past have stopped collecting such information or have changed their methodologies (Giving USA, for example, no longer directly surveys by sector). For those interested in pursuing additional information on philanthropic trends, two other resources on the web provide excellent background context, although the data they present is less current. *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 the drop in corporate. A download of the full report is available at no charge at:

http://ww3.artsusa.org/information_services/research/policy_roundtable/001.asp

Arts Funding Snapshot 2005: Vital Signs, published by Grantmakers in the Arts and available at http://www.giarts.org/usr_doc/ArtsFundingStudy2005.pdf provides a wealth of data on arts funding that is impossible to glean from other sources, such as the number of grants awarded by subfield. 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."

FUNDING STRATEGIES FOR AN UNCERTAIN ECONOMY

With many negative factors acting on the current economy (primary among them the housing crisis, health care costs, the price of gas, and the credit crunch), it is natural for development professionals and governance leaders to be cautious when setting goals for next year, despite the optimism of some of near-term forecasts. A recent survey of fundraisers' attitudes about the economy conducted by The Center on Philanthropy at Indiana University showed that 83% of fundraisers reported feeling that the economy was having a negative impact on giving. This is a significant rise. Six months ago, the figure stood at 48%.

Many organizations react to economic uncertainty by reducing expectations. Some actually scale back development efforts. This is almost always a mistake in the long term. Don't let a tight budget prevent you from expanding prospect research and donor cultivation efforts. A gloomy economic forecast should instead challenge your organization to refocus or even increase the resources it devotes 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 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 connections and effectively cultivating foundations.

Don't overlook volunteer resources. Many organizations fail to maximize the energy, enthusiasm, and expertise of their volunteers in fundraising efforts. Be sure your organization has evaluated the benefits of working with volunteers to conduct prospect research, particularly when it comes to planned giving initiatives. Organizations may be surprised at the skill-level and expertise of people eager to contribute their time, and the longevity with which they have been affiliated.

Remind staff, board members and key volunteers to keep an eye open for new family, community, corporate, or private foundations in your community. And never forget that strong relationships are essential to successful fundraising. Get to know the program officers and trustees at those foundations that appear to be a good fit for your organization. In uncertain times, these individuals may become critical to your long-term success. It may take time and effort to establish a rapport with new corporate and foundation contacts brought in through mergers and staff turnover, but it will be time well spent.

Use resources like those mentioned above to provide context as well as concrete tools to your organization as it develops its fundraising goals and identifies new opportunities. Successful fundraising doesn't happen in a vacuum. Accessing a range of outside sources will provide breath of fresh air while helping to ensure your organization's fundraising strategies are efficient, informed, and successful.

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