

# Recent Trends in Philanthropic Giving

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For many organizations, the summer months mean a (slightly) less hectic program schedule. Additionally, this season often coincides with the closing months of the fiscal year for arts and culture organizations, making it a natural and appropriate time to review your recent financial performance. One important element of any such a review is a fact-based understanding of the current philanthropic climate, both regionally and nationally. Rather than rely on past conclusions or general giving patterns, it is a good idea to review the most current available data on national funding trends. New research from two widely regarded sources, Giving USA and U.S. Trust, can provide important context and benchmarks for understanding your organization's recent financial performance compared to trends in the marketplace.

### Charitable Giving Increases

*Giving USA 2016: The Annual Report on Philanthropy for the Year 2015* provides a wealth of current data on philanthropic giving. A publication of Giving USA Foundation, researched and written by the Indiana University Lilly Family School of Philanthropy, this report provides an excellent overview of nationwide philanthropic trends. Giving USA Foundation's findings estimate that total charitable giving from all sources was an estimated \$373.25 billion in 2015, an increase of 4.1 percent in current dollars. This total, which is a 4 percent increase over the revised estimate of \$358.38 billion for 2014 after inflation adjustments, means that giving in the United States increased for the sixth year in a row.

Last year, total giving for nonprofit organizations and charities increased in each of the four funding sectors tracked by the report (see chart below). Gifts from individual donors increased by \$9.77 billion, accounting for 67 percent of the total change between 2014 and 2015.

Funding Sector	Percentage of Total	Percentage Increase
Gifts from individual donors	71%	3.8%
Gifts from foundations	16%	6.5%
Bequests	9%	2.1%
Corporate giving	5%	3.9%

### Arts and Culture Sector Outpaces Others in Growth

Giving USA Foundation's report asserts that the arts and culture sector (arts/culture/humanities) received an estimated \$17.07 billion in contributions from all sources in 2015. This sector makes up 4.6 percent of the total and saw a 7 percent increase over 2014 in current dollars. This figure represents the second highest increase over the previous year of the nine sectors tracked by Giving USA. Other sectors include: religion, education, human services, gifts to foundations, health, public-society benefit, international affairs, and environment/animals. All but four charitable subsectors have matched or exceeded their previous inflation-adjusted highs.

Gifts from foundations and corporations in 2015 matched or exceeded their previous inflation-adjusted highs. Between 2005 and 2015, total giving increased by \$80.82 billion in current dollars, or \$18.35 billion in inflation-adjusted dollars. Total estimated giving reached its highest levels ever in 2014 and 2015 (in current and inflation-adjusted dollars).

The free overview of [Giving USA 2016 Highlights](#) provides context and insight into this year's report. The complete report, published in June 2016, contains detailed data analysis and is available for purchase through the site in several formats, including a PowerPoint presentation package.

## Focus on Donor Motivations

Giving is a very personal behavior that meets emotional needs and individual philanthropic goals. One effective way to improve charitable giving is to ensure that fundraising efforts align with the values and motivations that drive philanthropic decisions among donors.

Evidence suggests that when charities meet the emotional needs of donors, the increased personal connection yields much higher giving. A *U.S. Trust Study of High Net Worth Philanthropy* found that 73 percent of donors reported achieving personal fulfillment from their charitable giving. Those who reported personal fulfillment donated five times the amount of those who were not personally fulfilled. The study also indicated that more than half of all donors monitored or evaluated the impact of their giving. Those who monitored or evaluated their giving donated more than three times the amount of those who did not track their donations.

As donors become more sophisticated in their charitable giving, they desire more information to help shape their philanthropic decision-making. High net worth donors indicated that they would like to be more knowledgeable about the following aspects of charitable giving:

Aspect of Charitable Giving	Percentage
Engaging the next generation	29%
Nonprofit organizations and community needs	16%
Strategic giving	15%
Impact investing	12%
Including charity in wealth management plans	12%
Giving vehicles	12%
Other	2%
Grantmaking	2%

The 2015 *U.S. Trust Insights on Wealth and Worth*<sup>®</sup> survey provides data that helps organizations understand donors' giving behavior. High net worth donors state the following as reasons for wanting to give back:

Reason for Giving	Percentage
To support interests and causes that matter to me	55%
To set an example for my children	43%
To change the world for the better	33%
A moral obligation to share their good fortune with others less fortunate	32%
Grateful for the support received when I needed it	30%
Giving back is a family tradition / value	27%
A tax strategy	15%

To improve donor retention efforts, awareness of the reasons donors stop giving can be a valuable tool. The 2014 study gave the following reasons as to why high net worth donors discontinue their support of an organization:

Reason for Discontinued Giving	Percentage
Too frequent requests or inappropriate amount of the request	42%
Change in philanthropic focus	35%
Ineffective institution	18%
New leadership and/or new focus of the institution	16%

## Effective Fundraising Does Not Happen in a Vacuum

Without an awareness of current trends in philanthropy, it may be difficult to fully understand and evaluate an organization's recent financial results. Using resources like those mentioned above can provide important context as an organization identifies opportunities, develops attainable (or aspirational) fundraising goals, and shapes its strategies for long-term success.



**Vice President Elisabeth B. Galley** has more than thirty years of experience as a fundraising and development professional for nonprofit arts and culture organizations. Her professional experience includes a \$335 million campaign at the AT&T Performing Arts Center, including the Winspear Opera House, as well as a \$185 million campaign at the Perot Museum of Nature and Science. Her previous professional and consulting work includes Handel & Haydn Society, Colorado Springs Symphony and Colorado Springs Youth Symphony, Carmel Bach Festival, and Mozart Classical Orchestra. Ms. Galley holds a master of business administration with an emphasis in marketing and nonprofit administration from the University of Delaware. Ms. Galley is based in ACG's Dallas office.



**Vice President Dale C. Hedding** is an arts and culture industry management expert with more than 25 years of leadership and fundraising success at internationally acclaimed organizations such as the Atlanta Symphony Orchestra, Baltimore Symphony Orchestra, John F. Kennedy Center for the Performing Arts, National Symphony Orchestra, and The Phoenix Symphony. Leading the firm's contributed revenue enhancement practice, Mr. Hedding specializes in annual, capital, endowment, and planned giving campaigns. He holds a bachelor of music degree from the Indiana University Jacobs School of Music and a master of business administration in arts administration from SUNY Binghamton School of Management. Mr. Hedding is based in ACG's Washington, DC office.

**Contact ACG for more information on how we can help  
your organization achieve its contributed revenue enhancement goals.**

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