A Look at Expectations for Charitable Giving in 2020

Based on the Late Summer/Fall 2019 Nonprofit Fundraising Study (NFS) about Charitable Receipts at Nonprofit Charitable Organizations in the first half of 2019 in the United States and Canada

A Study From
Acknowledgements

The Nonprofit Research Collaborative (NRC) thanks all respondents who took the survey in October 2019. Your willingness to share information about your organization makes it possible for this report to appear.

Members of the Nonprofit Research Collaborative are

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Nonprofit Research Collaborative

PowerPoint slides with the graphs are also available at npresearch.org for a small fee.

Project management by

Melissa S. Brown & Associates, LLC

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OUTLOOK FOR 2020
How are organizations preparing for fundraising in 2020?
Organizations seek most often to strengthen relationships with donors.
38 percent report planning around a potential recession.
29 percent report making plans around the 2020 presidential campaign.

MID-YEAR RESULTS SUGGEST A POSSIBLE SLOWDOWN IN GIVING FOR 2019
Just more than half saw an increase in charitable revenue in the first half of 2019.
The share reporting an increase in gifts received is just below the average since 2011.
Historically, at mid-year a lower percentage report increased charitable revenue than we see by year-end.
Mid-year results average 8 pts lower than year-end findings.
Across all sizes of organizations, more reported a drop in charitable receipts compared with mid-2018.
There were slight differences for the West and Midwest in the U.S., but no differences for the other regions of the U.S. or between U.S. and Canada.
Increased charitable revenue from January to June 2019 by subsector.

69 PERCENT REPORT BEING ON-TRACK TO MEET 2019 FUNDRAISING GOAL
Mid-year results for meeting goal are typically close to final year-end results.
The share on-track to meet goal at mid-year tend to be very close to year-end result.
Larger charities were more likely to be on track to meet goal.
Mixed results about being on track by geography.
Fewer health organizations were most likely to be on track to meet goal as of mid-2019.

RESULTS BY FUNDRAISING METHODS
Charitable revenue from major gifts increased at a majority.
Higher-dollar gifts grew at one-third to one-half of surveyed charities.
Smaller gift methods yielded increased receipts at one-third to less than half of organizations with the most drastic change in direct mail receipts.
Foundations and corporations decreased gifts at a quarter or more charities.

CONCLUSION

METHODOLOGY – TO BE FINISHED AND SURVEY POSTED WITHIN PDF
ABOUT THE NONPROFIT RESEARCH COLLABORATIVE
APPENDIX A: SURVEY INSTRUMENT
WHAT WE STUDIED

The Nonprofit Research Collaborative (NRC) asks the same questions twice a year, and each time, adds questions on a special topic. This report covers the survey that was in the field in early fall 2019.

Regular questions ask participants to compare fundraising results with the prior year at the same time.

Each wave of the NRC asks study participants to report their fundraising receipts compared with a year previously. For the survey we sent out in September and October 2019, we asked organizations about charitable receipts for January through June. The fixed questions asked about total fundraising receipts, whether the organization is on track to meet its fundraising goal, and whether receipts are increased, decreased, or the same by different fundraising approaches. The approaches ranged from major gifts and board giving to online giving and corporate funding.

OUTLOOK FOR 2020

We asked fundraising professionals and organizational leaders about fundraising in 2020. Nearly two-thirds predict that 2020 will yield better fundraising results compared with 2019.
We also asked what would affect the organization's planning for 2020. The most frequent response was changes in staffing. This includes loss of staff and increased fundraising staff.

<table>
<thead>
<tr>
<th>Factor</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in staffing has occurred or is anticipated at our organization</td>
<td>42%</td>
</tr>
<tr>
<td>Potential for a recession</td>
<td>38%</td>
</tr>
<tr>
<td>Change in leadership has occurred or is anticipated at our organization</td>
<td>31%</td>
</tr>
<tr>
<td>What we've learned about giving since the tax law change</td>
<td>30%</td>
</tr>
<tr>
<td>Presidential campaigns</td>
<td>29%</td>
</tr>
<tr>
<td>Comprehensive, capital, or endowment campaign underway</td>
<td>29%</td>
</tr>
<tr>
<td>Local economy is not tracking with national economy</td>
<td>12%</td>
</tr>
<tr>
<td>Local or state political campaigns</td>
<td>11%</td>
</tr>
</tbody>
</table>

What is affecting your organization’s planning for 2020?

"Staff changes due to good economy... Is traditional fundraising going to work with millennials? Is this population group even interested in long-term relationships/investments in anything?"

Midwestern Health Organization, budget $1M - $3M
Predicting results about the same in 2020 as in 2019

“We added a new person during the middle of the last FY. Now that she’s been here a year and knows the donors, she will be more capable of raising additional funds now that she has built trust with our donors.”

Northeast Human Services Organization, budget $10M - $50M
Predicting better fundraising results

“I work with major donors - many are unsure of tax laws and are finishing their multi-year pledges this year to get the known tax breaks within this giving year and will not be giving next year. Also our capital campaign will wrap up.”

Southern Health Organization, budget $50M - $75M
Predicting worse results for 2020
How are organizations preparing for fundraising in 2020?

More than 7 in 10 organizations are planning some change in how they seek or ask for major gifts. One-quarter (25%) of the 284 organizations that provided a response indicate that they will make “significant changes” in major gift fundraising. Nearly half (46%) will make some change.

[Bar chart showing the percentage of organizations making changes in various fundraising methods.]

- Major gifts: 46%
- Online: 51%
- New PG commitments: 38%
- Corporations: 41%
- Events: 41%
- Board giving: 42%
- Foundations: 42%
- Direct response: 41%
- DAF: 30%
- Cash: 21%
- Other charities: 16%

*Significant changes*  *Some changes*
The next largest set of responses apply to online fundraising, with 62 percent planning changes. It appears from these data that more organizations are planning changes in online fundraising (which accounts for around 10 percent of all giving nationally) than are planning changes in events (combined changes at 56%) or in direct response (combined changes planned at 52%).

*Organizations seek most often to strengthen relationships with donors.*

Organizations were invited to describe specific steps they are taking in 2020 to improve fundraising. Across fundraising methods where organizations are planning change, the most frequent strategies proposed were strengthening relationships with donors and improving communications with donors.

<table>
<thead>
<tr>
<th>Ranking of frequency of mention of specific strategy</th>
<th>Fundraising method where organization is planning change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Major gifts</td>
</tr>
<tr>
<td>Relationships</td>
<td>1</td>
</tr>
<tr>
<td>Communications</td>
<td>2</td>
</tr>
<tr>
<td>Planning</td>
<td>3</td>
</tr>
<tr>
<td>Staffing</td>
<td>4</td>
</tr>
</tbody>
</table>

Note: Strategy mentions were in open-ended comments that were coded by analysts (n = 252). Some comments included more than one strategy. Fundraising methods were options for which respondents could choose “significant change,” “some change,” “few changes” or “no changes.” This table reflects only responses for “significant change” and “some change,” as shown in the figure at the bottom of page 16.

*Describe something that you are doing, if anything, to change fundraising results*

“Increased one-on-one in-person or on phone conversations with major and mid-major donors”

Southern Human Services, budget $5M - $10M

“We are dramatically ramping up stewardship efforts with increased thank yous and more personalization.”

Western Environment/Animals organization, budget $10M - $50M

“Greater emphasis on knowing and thanking the donor.”

Midwestern Arts, Culture & Humanities Organization, budget $1M-$3M

“Spreading our message and connecting dots to what we are directly funding.”

Northeastern Health Organization, budget < $1M
38 percent report planning around a potential recession.

At the time of the survey, some economists were predicting a recession. As shown on page 16, 38 percent indicated planning for a potential recession. These are some action steps they reported.

Describe something that you are doing to change fundraising results

“We are hiring an estate planning professional and increasing promotion of online giving. Our biggest challenge will be a recession and a stagnant stock market.”

Midwestern Religious Organization, budget $250,000 - $499,999

“We have budgeted more for stewardship and increasing these efforts.”

Western Environment/Animal Organization, no budget amount provided

“We will be implementing a standardized strategy for stewardship and an actual annual giving program.”

Western Health Organization, budget $500,000 - $999,999

“We are changing the way we track donor and non-donor groups, and increasing segmentation so messages feel hyper-personalized.”

Northeastern Arts, Culture & Humanities Organization, Budget $5M - $9.99M

29 percent report making plans around the 2020 presidential campaign.

Presidential campaigns in the past have raised, among all candidates, around $2 billion, or one-half of one percent of total charitable giving. Nearly one-quarter (24%) of high net worth households gave or intended to give for the 2016 elections. For 2020, 29 percent of survey participants said they are planning for the potential impact of campaigns on charitable giving.

What do you think will be the biggest challenge in fundraising for your organization in 2020?

“...a divisive presidential campaign”

Midwestern Human Services Organization, budget $1M-$3M

“There will be a lot of political clutter.”

Midwestern Health Organization, budget $500,000 - $999,999

“Impact of donors’ attention being focused on presidential election.”

Northeastern Education Organization, budget > $75M

Describe something that you are doing, if anything, to change fundraising results

“Continued focus on major gifts while adding focus to planned giving.”
   Midwestern Human Services Organization, budget $10M - $49.99M

“We have begun being much more strategic with our Major and Mega donors placing them with skilled relationship managers in smaller portfolios.”
   Western International Aid/Relief Organization, budget $50M - $74.99M

“More use of videos to communicate messages.”
   Northeastern Philanthropy/Volunteerism Organization, budget $5M - $9.99M

“Implementing new on-line and social media strategies; Hiring some new personnel; conducting capital campaign”
   Southern Arts, Culture & Humanities Organization, budget $5M - $9.99M
The NRC began its mid-year surveys in 2011. Consistently since then, the share of organizations that report an increase in charitable revenue is typically lower in summer than in the end-of-year survey conducted after December. This year’s mid-year results show a **lower share of organizations reporting an increase in charitable receipts by mid-year** – only 52 percent **compared to 58 percent as of mid-2018**. It might be expected that the percent of organizations reporting increased charitable receipts by year-end may be lower than last year as well, with potentially less than 60 percent of organizations reporting any increases for the first time since 2012.

*Just more than half saw an increase in charitable revenue in the first six months of 2019.*
The share reporting an increase in gifts received is just below the average since 2011.

Every NRC summer survey asks participants to compare charitable dollars received in January through June in this year with the amount received in the year before. On average, since 2011, 53 percent of participants have reported increased charitable receipts at the mid-point of a year. For 2019, with 52 percent reporting growth, the result is just slightly below the trend average.

Average of 53 percent see growth in charitable receipts at mid-year, 2011–2019

<table>
<thead>
<tr>
<th>Year</th>
<th>% with increased receipts by mid-year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>44%</td>
</tr>
<tr>
<td>2012</td>
<td>46%</td>
</tr>
<tr>
<td>2013</td>
<td>58%</td>
</tr>
<tr>
<td>2014</td>
<td>52%</td>
</tr>
<tr>
<td>2015</td>
<td>59%</td>
</tr>
<tr>
<td>2016</td>
<td>49%</td>
</tr>
<tr>
<td>2017</td>
<td>57%</td>
</tr>
<tr>
<td>2018</td>
<td>58%</td>
</tr>
<tr>
<td>2019</td>
<td>% with increased receipts by mid-year</td>
</tr>
</tbody>
</table>

Historically, at mid-year a lower percentage report increased charitable revenue than we see by year-end.

For every year since NRC began asking about mid-year results, the share of organizations with an increase in charitable revenue as of June has been lower than the percentage of organizations that report a growth in charitable revenue by December. The average gap is 8 percentage points for the period 2012 through 2018, although the range is from 4 points (2013) to 13 points (2014).
“Making a shift into major giving has been very challenging in small office, where the development director position is sliced into too many pieces. Building capacity for a major gifts officer is challenging.”

Midwestern Health Organization, budget $1M to $3M

“While giving was up the overall number of donors was down.”

Southern Human Services Organization, Budget $3M to $10M

Mid-year results average 8 pts lower than year-end findings.

Since 2011, year-end charitable receipts have increased at more organizations than reported growth mid-year. The average difference is 8 percentage points with a range from between 4 percentage points to 13 percentage points. If this holds true for 2019, with 52 percent of organizations reporting increased receipts over last year at mid-year, NRC estimates between 56 percent and 64 percent of organizations will report increased charitable receipts compared with 2018.
Across all sizes of organizations, more reported a drop in charitable receipts compared with mid-2018.

Compared to a year ago, every size of organization was more likely to report a drop in charitable receipts. The differences range from 8 percentage points to 15 percentage points comparing mid-2019 results for “giving declined” with mid-2018 results. While these differences are not statistically significant, they provide a very clear and consistent trend across all organizations by size – charitable receipts are down. Mid- to large-sized organizations, based on budget size $10-49.99 million, saw the greatest shift in the share reporting less in charitable receipts – 34 percent in 2019 compared to only 19 percent in 2018. The smallest organizations, those with budgets of less than $1 million, saw a small change, only 8 percentage points (31 percent in 2019 compared to 23 percent in 2018). However, the smallest organizations already had the highest percentage of reported decreased charitable receipts across all organizations in 2018.

Charitable Revenue January-June 2019 compared to prior January-June, by organizational budget

<table>
<thead>
<tr>
<th>Organization budget range</th>
<th>Increased</th>
<th>Stayed the same</th>
<th>Decreased</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;$1 million</td>
<td>31%</td>
<td>20%</td>
<td>49%</td>
</tr>
<tr>
<td>$1-$2.99 million</td>
<td>27%</td>
<td>20%</td>
<td>53%</td>
</tr>
<tr>
<td>$3-$9.99 million</td>
<td>30%</td>
<td>20%</td>
<td>50%</td>
</tr>
<tr>
<td>$10-$49.99 million</td>
<td>34%</td>
<td>13%</td>
<td>53%</td>
</tr>
<tr>
<td>$50 million and up</td>
<td>25%</td>
<td>9%</td>
<td>66%</td>
</tr>
</tbody>
</table>

NOTE: Size is based on budgeted expenditures, or budget, as reported on the survey. Annual expenses tend to be more stable than revenue, which fluctuates with major amounts received.
“Staff turnover resulted in dropped relationships and missed appeals; also market volatility led to donor decreases.”

Northeastern Arts Organization, Budget $3M to $10M

“It is very unusual for us to have a year this weak. We have been able to manage consistent 8% growth for many years.”

Western Environmental/Animals Organization, budget $50M or more

There were slight differences for the West and Midwest in the U.S., but no differences for the other regions of the U.S. or between U.S. and Canada.

Last year, across all four Census regions in the United States and compared with Canada, roughly equal shares of organizations reported receiving more charitable revenue compared with a year ago. However this year, the West saw the biggest change in the percentage of organizations reporting decreased giving compared to the prior year – 38 percent in 2019 compared to only 15 percent in 2018 – a difference of 23 points. The Midwest had a moderate change of 10 points (28 percent in 2019 compared to 18 percent in 2018) and the remaining U.S. regions and Canada saw changes of four percentage points or less. These changes are not statistically significant at these sample sizes.

Charitable Revenue January-June 2019 compared to prior year, by region

- U.S. Northeast: 62% increased, 13% stayed the same, 24% decreased
- U.S. South: 59% increased, 18% stayed the same, 23% decreased
- U.S. Midwest: 46% increased, 26% stayed the same, 28% decreased
- U.S. West: 45% increased, 17% stayed the same, 38% decreased
- Canada: 53% increased, 24% stayed the same, 24% decreased
Increased charitable revenue from January to June 2019 by subsector

Like last year, the percentages of organizations by subsector that reported increased charitable revenue are the same except for religion. It should be noted, however, that the number of study participants for more than half of the subsectors is too low to draw firm conclusions. The Environment/Animals and International subsectors had too few study participants to report results at all.

Charitable Revenue January-June 2019 compared to prior year, by subsector

Note: Results from fewer than 30 organizations should be used with caution.

“Targeted campaigns allowed us to meet goals to date.”
Canadian Organization, no entry for province, mission type, or budget size

“We had one significant bequest (largest in our history) and several large first-time gifts this past fiscal year.”
Northeastern Education Organization, budget $10M - $50M

“We have been more assertive in approaching a greater number of potential business sponsors.”
Western Health Organization, budget < $1M
Not all organizations seek to increase charitable revenue every year. Some end campaigns and lower their overall goals. Others might change fundraising tactics and adjust goals to reflect those shifts. For late summer/fall 2019, 69 percent of participating organizations reported being on track to meet their fundraising goal.

*Mid-year results for meeting goal are typically close to final year-end results.*

For the past six years, the percentage reporting that they are “on-track” to meet their total fundraising goal is very close to the percentage that report actually meeting the goal once the year is ended. The NRC has tracked this for 2013 through 2018. If this holds, the NRC estimates that approximately 70 percent of organizations will meet goal for 2019, which would be the lowest share since 2013.

The share on-track to meet goal at mid-year tend to be very close to year-end result.

Among organizations that say they are not on track to meet goal, 79 provided an open-ended comment about why they are not on track. Of those, 24 percent mentioned low staff levels or turnover in staff; 23 percent mentioned a decline in the number of individual donors and/or a drop in giving from individuals; and 14 percent mentioned lower grant dollars from foundations. Just 3 percent mentioned changes in tax law.
“We had a change at the Senior Executive level, and a direction focus change.”

Midwestern Health Organization, budget < $1M

“We are not on track because the person charged with raising funds was spread out too far on other projects.”

Southern Arts Culture & Humanities Organization, budget < $1M

“Quarterly updates & shifting to reach goals coupled with a campaign on target to achieve by 2020 means we’re already on track.”

No organizational data entered

**Larger charities were more likely to be on track to meet goal.**

Similar to last year, at least three-quarters of larger organizations with budgets of $10 million or more feel they are on track to meet their year-end goals. Mid-size organizations, those with budgets between $1 million - $9.99 million, were less optimistic this year compared to last year about meeting their year-end goals.

![Organization Budget Range](image)

<table>
<thead>
<tr>
<th>Budget Range</th>
<th>Percentage</th>
<th>Number of Organizations</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; $1 million</td>
<td>59%</td>
<td>80</td>
</tr>
<tr>
<td>$1-$2.99 million</td>
<td>65%</td>
<td>65</td>
</tr>
<tr>
<td>$3-$9.99 million</td>
<td>60%</td>
<td>62</td>
</tr>
<tr>
<td>$10-$49.99 million</td>
<td>78%</td>
<td>41</td>
</tr>
<tr>
<td>$50 million and up</td>
<td>75%</td>
<td>32</td>
</tr>
</tbody>
</table>
Mixed results about being on track by geography.

Both in the U.S. Northeast and U.S. South, more organizations reported that they are on track to meet their year-end goals compared to last year. However, in both the U.S. Midwest and U.S. West, fewer organizations report being on track. These changes are not statistically significant, and it should be noted that the sample size of Canadian organizations is too small to consider its change year over year.

“Poor annual fund performance and short-staffed for Major Gifts”

Western Environment/Animals Organization, budget $1M - $3M

“Events have not met our goals; less individual giving.”

Midwestern Human Services Organization, budget $3M - $10M
Fewer health organizations were most likely to be on track to meet goal as of mid-2019.

Only two-thirds of health organizations said they were on track to meet their fiscal year 2019 fundraising goal, which is six points fewer than the 72 percent that reported being on track a year ago. Results for other types of organizations are similar to those for mid-2018.

Note: Results from fewer than 30 organizations should be used with caution and are not included in statistical tests for significance. The Environment/Animals and International subsectors had too few study participants to report results.
RESULTS BY FUNDRAISING METHODS

The NRC survey asks participants to report whether charitable revenue increased, stayed the same, or decreased from each of several approaches or fundraising strategies. These include major gift asks, direct mail appeals, requests for foundation and corporate support and more.²

Charitable revenue from major gifts increased at a majority.

Most organizations use a range of fundraising approaches. From January through June 2019, major gifts generated increased revenue at half of the responding charities. With the exception of major gifts, the majority reported flat or declining receipts in every approach/vehicle. Of note:

- The percentage of organizations reporting a decrease in received bequests is likely a result of market forces and not necessarily donor choices;
- Just 29 percent of surveyed organizations saw increases in giving through direct mail. This is the lowest share of survey respondents to date in the NRC surveys reporting an increase in direct mail.
- Gifts from corporations are also shifting: 34 percent of surveyed organizations reported a decrease in gifts from corporations, double the 17 percent in 2018 that reported a drop in corporate support.

² For the late summer/fall 2019 survey, the questions asked about “Online giving,” without separating gifts through the organization’s website, from social media, peer-to-peer campaigns, etc.
“A significant pledge was converted to a planned gift.”
Southern Arts, Culture & Humanities Organization, Budget $3M - $10M

“Some areas will provide more revenue, but individual giving is expected to be below prior year.”
Midwestern Health Organization, budget $1M - $3M

“A slightly smaller number of individual donors are giving more money - but corporate support is also down.”
Human Services Organization, location and size not answered
Higher-dollar gifts grew at one-third to one-half of surveyed charities.

Smaller gift methods yielded increased receipts at one-third to less than half of organizations with the most drastic change in direct mail receipts.
Foundations and corporations decreased gifts at a quarter or more charities.
CONCLUSION

As of June 2019, seven in ten organizations indicated they were on track to meet fundraising goals for fiscal year 2019, down from the nearly 80 percent a year ago. Overall, fundraising has remained relatively consistent over prior mid-year studies.

Major gift contributions continue to be a steady source of increased charitable receipts at a majority of organizations. However, gifts through direct mail continue to decrease at a rapid pace. Less than a third of organizations saw increased gifts through direct mail, making it the method to see the lowest share reporting increased gifts compared to all other methods.

If historical patterns are followed, year-end results for 2019 are expected to be slightly higher than these late summer/fall 2019 survey results.

A majority (65 percent) of surveyed nonprofits expect 2020 results to be more than the amounts they raised in 2019. Four in 10 organizations are planning around staffing changes, either new personnel or fewer staff. Between 29 percent and 38 percent of organizations are planning around expected or potential events, including the U.S. elections and a possible recession.
The survey invitation was sent by email and through social media postings beginning on October 1, 2019. The online-only questionnaire remained open through October 31. After removing duplicates and ineligible responses from countries other than the U.S. and Canada, analysis is based on 450 total responses. Some respondents did not answer all questions.

Invitations were sent by email and using social media to several distinct groups:

- Prior participants in NRC surveys.
- Individuals who have signed up to receive communications from NRC (sign up is at www.npresearch.org).
- Members of the Association of Philanthropic Counsel and from them to their nonprofit clients.
- Individuals on the email list maintained by CFRE International.
- Client organizations of consulting firms that are members of Giving USA.
- A contact list for Melissa S. Brown & Associates.

The sample is a convenience sample.

**ABOUT THE NONPROFIT RESEARCH COLLABORATIVE**

Several organizations formed the NRC. These entities have a decade or more of direct experience collecting information from nonprofits concerning charitable receipts, fundraising practices, and/or grantmaking activities.

- **Association of Fundraising Professionals** surveyed members for an annual state of fundraising study from 2002 through 2010.
- **Association of Philanthropic Counsel**, an international professional association of consultants whose members survey nonprofit organizations as part of their services.
- **CFRE International** encourages research that helps fundraising professional achieve the highest standards of professional competence and ethical practice.
- Giving USA Foundation has published the **Giving USA Annual Report on Philanthropy** for more than 60 years.

The collaborative effort reduces the burden on charities, which receive fewer requests for survey participation. Reports and other information from the NRC appear at www.npresearch.org.

The Nonprofit Research Collaborative (NRC) conducts surveys twice a year. Melissa S. Brown & Associates manages the NRC. She can be reached at Melissa@NPResearch.org or at 530-690-5746.