

Giving Hits a High, but Growth Slows

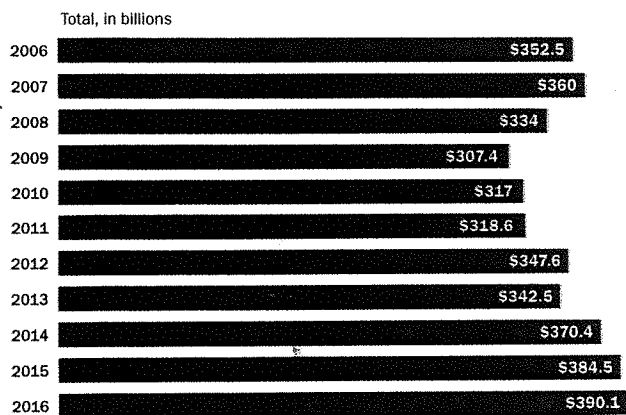
Last year saw record giving, according to "Giving USA," but uncertainty is the watchword for 2017.

By TIMOTHY SANDOVAL

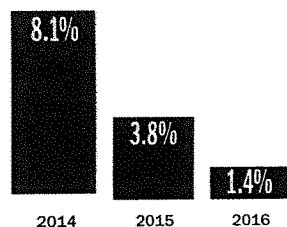
In 2016, Americans gave **\$390B**

It was a historic high, according to the latest "Giving USA," an annual study on philanthropy. But fundraisers' work is getting harder: Along with greater competition for donors' dollars, the growth of both giving and the economy that fuels it have slowed substantially over the past three years. And so far, 2017 is shaping up to be challenging, too.

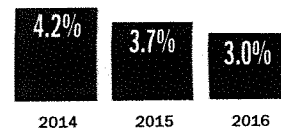
TOTAL GIVING, 2006 TO 2016



GIVING'S GROWTH RATE IS FALLING ...



... AND SO IS THE ECONOMY'S



SOURCE: Gross domestic product figures from the U.S. Bureau of Economic Analysis.

GROWTH IN GIVING BY CAUSE IN 2016

Anxious times give some charities a boost. All causes saw donations rise in 2016, with environmental and animal-welfare organizations, arts and culture groups, and international-affairs nonprofits seeing the largest growth. The increases may signal that causes related to issues

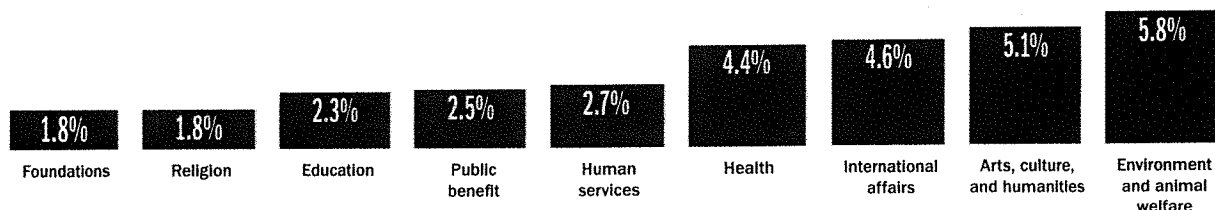
that were hotly debated during the presidential campaign saw increased giving, researchers say.

Anecdotal data also suggests that's true. The American Civil Liberties Union, for instance, raised \$35 million from Election Day till the end of 2016, an unprecedented amount

for the organization. Smaller groups, like the National Immigration Law Center, saw a record spike in giving after the election, too.

International groups, among the biggest winners of 2016, have proven successful at retaining donors long-term. In the coming year and beyond,

other nonprofits that saw an election-year spike in support will be challenged to keep those contributors on board. The ACLU, for one, is pushing monthly recurring gifts hard. The group reports that the number of people donating monthly has doubled since last year's election, to about 100,000.



NOTE: Public-society benefit groups include United Ways, Jewish federations, and donor-advised funds. Figures are adjusted for inflation.

GIVING FROM VARIOUS SOURCES IN 2016

INDIVIDUALS

\$281.9B

Although the stock market boomed late in 2016, a rocky first half of the year likely dampened individual giving, which makes up more than 70 percent of all philanthropy. However, *The Chronicle* and Marts & Lundy, a fundraising-consulting firm, both reported that last year produced a bumper crop of megagifts: 12 contributions of more than \$100 million, up from only six in 2015.

THE UPSHOT: Individuals represent a declining share of overall giving, but the robust stock market may make some donors dig deeper this year. On the other hand, uncertainty about the tax code could cause donors to think twice about making big contributions.

+2.6%

FOUNDATIONS

\$59.3B

Giving by private grant makers likely was affected by a drop in stock-market growth in 2015, which may have led to fewer grants in 2016. Foundations develop multiyear grant plans that can be affected by a previous year's slow investment returns.

THE UPSHOT: Grant makers generate an increasing proportion of philanthropy: 15 percent of giving last year, compared with 11 percent in 2000 and just 7 percent in 1990. Foundation giving may get more generous this year and next if the stock market continues its strong performance.

+2.2%

BEQUESTS

\$30.4B

Bequests can fluctuate widely from year to year, depending on when estates close.

THE UPSHOT: With more baby boomers — the wealthiest generation in history — planning their estates, and more organizations investing in planned-giving fundraising, it's likely this will be an area of growth for charities in the coming years.

-10.1%

CORPORATIONS

\$18.6B

Companies have yet to reach their prerecession high of \$18.7 billion, set in 2005.

Corporate giving has changed in recent years, with a larger emphasis on cause marketing, sponsorships, and offering employees opportunities to volunteer — efforts that are not captured in "Giving USA" data. Philanthropy by companies as a share of pretax profits has been flat since 2004 and currently sits below 1 percent.

THE UPSHOT: Corporate giving is closely tied to gross domestic product, the growth rate of which has been declining. Companies' increasing emphasis on aligning business goals with their philanthropy can make partnerships with charities complicated.

+2.3%



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OUTLOOK FOR 2017: MORE UNCERTAINTY

This is how cloudy the coming year looks: Although the Lilly Family School of Philanthropy at Indiana University and Marts & Lundy forecast in January that giving would jump **3.6 percent in 2017** and **3.8 percent in 2018**, some experts say it's unclear whether those predictions are still solid. Here are 2017's potential challenges and opportunities:

REACTION TO PRESIDENT TRUMP

The 45th president's policies and unpredictability are causing many Democrats in particular to give more generously this year, according to a new study by the PMX Agency and National Research Group. The study found that one in five donors plans to give more in 2017 because of Mr. Trump's election, with Democrats' estimate of what they expect to give doubling and Republicans' increasing by 28 percent.

CHANGES TO THE TAX CODE

Some experts say the GOP Congress's tax proposals would reduce giving by eliminating the estate tax and increasing the standard deduction. However, some argue the Republican plan might spur donations this year from people who want to give before any changes to the tax code are implemented.

GEOPOLITICAL EVENTS

Britain, with a fragile coalition government, has begun negotiations to exit the European Union. Terrorist acts plague cities in Europe, the United States, and the Middle East. Global hot spots like Syria and North Korea are boiling over. Among other possible outcomes, world events could roil markets, make donors nervous, and reduce giving.

STOCK-MARKET PERFORMANCE

As of mid-June, the Standard & Poor's 500, a strong indicator of individual giving, was up 8.7 percent over the same period last year. (The S&P 500 returned 9.5 percent in 2016.) However, with investment experts calling domestic equities overvalued, a market "correction" could be on the way.

THE OVERALL ECONOMY

Signs are not strong so far in 2017. Gross domestic product grew by 1.2 percent in the first quarter compared to the final three months of 2016, and personal consumption, which is tied strongly to individual giving, grew by only 0.6 percent.

NOTE: Figures are adjusted for inflation.

SOURCES: Unless otherwise specified, data came from "Giving USA" and the Lilly Family School of Philanthropy at Indiana University.