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June 9, 2010

**Americans Didn't Pull Back on Their Giving Last Year, Report Finds**

*By Holly Hall*

The economy struck another blow to charitable donations last year, causing contributions from foundations, corporations, and individuals to decline by 3.2 percent, according to *Giving USA*, the annual tally of American philanthropy released this morning.

The dip comes after the first year of the recession depressed giving by 2.4 percent in 2008. *Giving USA* said last year's drop was partly due to foundations, which decreased their giving by 8.6 percent. Corporate giving rose by 5.9 percent, although the report speculated that companies shifted their giving to goods and products and away from cash.

But individuals, who make 75 percent of all charitable contributions, held steady in their giving, providing more than \$227-billion, the same sum they contributed in 2008, according to researchers at Indiana University's Center on Philanthropy, who compile *Giving USA*.

That finding, however, puzzles many fund raisers and scholars, who see few, if any, signs that individuals gave the same amount last year, as the nation struggled with the worst recession in 70 years.

Indeed, in a *Chronicle* spot-check of 57 charities over the past two weeks, 35 organizations said giving dropped in 2009. Most fund raisers said that even though 2010 is halfway over, they have yet to see individual donations rebound to what they were before the recession began in December 2007.

"It will be interesting to see the reaction to the finding that giving has been flat, because that has not been the experience of most of us," said Bill Sturtevant, a veteran fund raiser who advises charities nationwide. "Anecdotally, a lot of organizations were down anywhere from 8 to 10 percent in 2009."

**Benchmark Donations**

Evidence that giving might not be as strong as *Giving USA* suggests can be found in numerous studies conducted over the past year. The possible contradiction worries people in the nonprofit world because many charities use *Giving USA*'s numbers to gauge how

their organizations are doing. The report provides breakdowns of contributions to different types of charities and how much they went up or down.

For example, *Giving USA* said that international affairs groups chalked up the biggest increase, with a gain of 6.6 percent, followed by health groups, which raised 4.2 percent more. The biggest declines were at United Ways, Jewish federations, advocacy groups, and other causes that *Giving USA* calls “public society benefit organizations,” where donations dropped by 4.2 percent; giving to education declined significantly too, dipping more than 3 percent. (See more details about giving to different types of organizations in our [Causes](#) section.)

“People want to have these numbers so they can benchmark against national numbers,” said Edith Falk, president of Campbell and Company, a Chicago fund-raising consulting company. Ms. Falk chairs the Giving USA Foundation, which published the findings.

The figures are also important because they are used to measure just how generous Americans are. A big question during the tough recession has been whether people keep giving even at a time when joblessness has hovered near 10 percent for months on end, with continuing stock-market jitters and the world’s economy showing signs of severe instability.

If *Giving USA* is found to be far off the mark in estimating how much individuals give, it could mean that the economy depresses charitable giving more than research or conventional wisdom suggest. For decades, *Giving USA* has reported that charitable donations are remarkably resilient, rising and falling with far less dramatic swings than the stock market.

“To the extent that any index of giving is used as a benchmark, it is absolutely necessary to be as accurate as possible,” said Paul Schervish, director of the Center on Wealth and Philanthropy at Boston College.

#### Sharper Decline

Mr. Schervish and his colleague, John Havens, an economist, last month issued an estimate that painted a much gloomier picture than *Giving USA*: It found that contributions by individuals declined by 4.6 percent last year, on top of another 6.1-percent drop in 2008.

A key difference in how the Boston College scholars analyze giving is that they take unemployment levels into account, which *Giving USA* does not. Looking at joblessness, Mr. Schervish said, better captures some of the psychological and other effects of the recession among

donors.

“Income went down and unemployment stayed high, so we didn’t see the end of the year including a big uptick,” he said of 2009. The stock market, he added, went up, “but it did not recover to pre-recession levels so people are still not at the wealth and security levels they were before.”

Mr. Schervish said he did not set out to dispute *Giving USA*; in fact, he and Mr. Havens sit on a committee to advise *Giving USA* on its methodology. But the scholars came up with a very different estimate when they attempted to produce quarterly snapshots of the economy to supplement the report’s annual estimates.

Patrick Rooney, director of research at the Indiana University Center on Philanthropy, said that *Giving USA*’s figures are accurate—or very close to it—because the data have been collected for more than 50 years and verified by information on giving by individuals that comes out much later from the Internal Revenue Service.

With the exception of one year, the estimates have turned out to be within two percentage points of the actual change in giving as reported by the IRS for individual donations in any given year.

#### How the Figures Are Calculated

*Giving USA*’s figures for individuals are based on an econometric model that takes into account data on individual giving during the previous year as well as changes in the stock market, personal income, and income-tax rates. But, like the Boston College projections, it is an estimate.

More concrete data on how much individuals donate in a given year is not available until two years later, when the Internal Revenue Service releases data on the charitable donations Americans claim on their tax returns.

Even then, researchers are forced to make an educated guess about how much is given by people who do not itemize their donations.

To keep the data up to date, *Giving USA* publishes revisions to its figures when new IRS data are released. For example, in last year’s report, *Giving USA* reported that total contributions in 2008 fell by the steepest decline in more than 50 years, 5.7 percent after inflation. But in this year’s report, *Giving USA* has revised the 2008 change. Now it says that the first year of the recession shows a much more modest decline of only 2.4 percent.

For such reasons, it could be that both *Giving USA* and the Boston College estimates are too conservative and giving by individuals

declined by double-digit percentages last year—if the recent studies of actual donations made in 2009 are any guide. Among the studies that show more stark declines:

- Gifts from individuals to colleges and universities in 2009 plummeted by 17.8 percent after inflation, the Council for Aid to Education reports.
- Contributions to 433 hospitals and medical centers, 85 percent of which come from individuals, fell by 11 percent last year (not counting inflation), in a survey by the Association for Healthcare Philanthropy.
- Donations to more than a quarter of the charities that raise the most from private sources—the organizations that appear on *The Chronicle's* Philanthropy 400—dropped by nearly 10 percent.
- Donations of \$5,000 or less fell by a median of 4.8 percent in an analysis of 2009 contributions by 38 million donors to 79 large charities by Target Analytics, a Boston research company.
- The total value of gifts of \$1-million or more announced last year in *The Chronicle* totaled \$4.4-billion, a 64-percent drop from the nearly \$12-billion reported in 2008.

Still, Mr. Rooney said he remains confident in *Giving USA's* estimate of giving by individuals, in part because it included the stock-market rise that occurred in the final quarter of 2009.

“There was a tremendous run-up in the market as things recovered,” he said. “You might see a scaling back of mega gifts, but most high-net-worth households continued their support.”

One reason charities may report that donations from individuals were weak last year, Mr. Rooney said, is that a handful of gifts of \$100-million or more went to private foundations, which typically do not distribute the money right away.

In addition, he added, some big gifts have been made by donors who give anonymously and don't want their gifts reported at all. Such donors feel uncomfortable signaling their affluence when many are suffering.

“Have we perfectly captured this recession? To me, it feels pretty good,” said Mr. Rooney. “One of the reasons that we are not that worried about these estimates being off is that we have been through a number of recessions, and our estimates have been pretty accurate.”

But those arguments do little to convince some fund raisers and other philanthropy experts that giving by individuals held steady last year.

Among those who have doubts: William McGinly, president of the Association for Healthcare Philanthropy, doesn't think that giving was flat in calendar year 2009. “We actually thought our 11-percent decline was pleasant,” he said, referring to the drop in his organization's survey. “We thought it might be 18 percent.”

Last year, “everything was much slower,” Mr. McGinly added. “What we have seen all year long in 2009 is people delaying gifts,

taking longer on pledges, and giving less.”

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The Chronicle of Philanthropy 1255 Twenty-Third St, N.W. Washington, D.C. 20037