



giving usa 2020

the annual report on philanthropy
for the year 2019

expert analysis and actions for
the year ahead



Graham-Pelton

Total charitable giving reached \$449.64 billion in 2019, increasing \$18.21 billion in current dollars from the 2018 total of \$431.43 billion.

If stacked as one-dollar bills, this would reach the moon and back.

Twice.

The latest edition of the Giving USA report has arrived. Widely recognized as one of the most reliable and respected reports of the philanthropic landscape, it provides a detailed look into the trends and statistics related to giving in the United States across all sectors. Our experts have analyzed the data from this year's report and present our top takeaways from the findings that you need to know in order to fundraise successfully this year and beyond.

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GIVING BY SOURCE AND TYPE OF RECIPIENT (IN CURRENT DOLLARS)

\$449.64 BILLION BY SOURCE OF CONTRIBUTIONS

69%

At \$309.66b, **INDIVIDUALS** gave \$17.57b more in 2019 than in 2018. At 69%, their overall proportion of contributions rose by 1%.

10%

At \$43.21b, giving by **BEQUEST** grew by \$3.5b from 2018, and its overall proportion of contributions rose by 1%.

17%

At \$75.69b, **FOUNDATIONS** gave only slightly less in 2019 than in 2018. At a decrease of \$.17b, this lowered their overall proportion of giving by 1%.

5%

At \$21.09b, **CORPORATE** giving rose by \$1.04b from 2018. At 5%, the proportion remains the same as 2018.

BY TYPE OF RECIPIENT



At \$14.16b, giving to **THE ENVIRONMENT OR ANIMALS** grew by \$1.44b from 2018, and its overall proportion remains 3%.



At \$28.89b, giving to **INTERNATIONAL AFFAIRS** decreased by \$.11b from 2018, and its overall proportion is 6%, compared to 5% in 2018.



At \$64.11b, giving to **EDUCATION** grew by \$6.94b from 2018, and its overall proportion remains 14%.



At \$41.46b, giving to **HEALTH** grew by \$2.65b from 2018, and its overall proportion is 9%, compared to 10% in 2018.



At \$53.51b, giving to **FOUNDATIONS** decreased by \$1.29b from 2018, and its overall proportion remains 12%.



At \$128.17b, giving to **RELIGION** grew by \$2.88b from 2018, and its overall proportion remains 29%.



At \$21.64b, giving to **ARTS, CULTURE, AND HUMANITIES** grew by \$2.43b from 2018, and its overall proportion remains 5%.



At \$37.16b, giving to **PUBLIC-SOCIETY BENEFIT** grew by \$4.3b from 2018, and its overall proportion is 8%, compared to 7% in 2018.



At \$55.99b, giving to **HUMAN SERVICES** grew by \$2.67b from 2018, and its overall proportion remains 12%.

WHERE DID GIVING INCREASE?

GOING FORWARD:

Strong growth in 2019 meant we began 2020 with significant momentum. But what does that mean in light of the very notable events of 2020? **If donors respond to crises – and we trust they do – we should expect philanthropy to focus heavily on health and social justice in the coming year.**



Whereas giving grew for only two subsectors in 2018 (International Affairs and Environment and Animals), 2019 inflation-adjusted giving increased across six of nine subsectors. Education; Human Services; Arts, Culture, and Humanities; Health; Public-Society Benefit; and Environment and Animals all saw growth. Religion remained flat, as did giving to Foundations. Giving to International Affairs declined 2.2% after a surge in the previous year.

Giving to Education rose 10.1% last year following a decline the year prior. At \$64.11 billion in total inflation-adjusted dollars donated, it accounts for 14% of all US giving and remains, as it historically has been for all but just a few of the last 40 years, the second highest revenue-generating philanthropic subsector behind Religion.

Like Education, both the Arts, Culture, and Humanities and Public-Society Benefit subsectors saw double-digit growth of 10.6% and 11.1% respectively. As sectors on which high net worth donors tend to focus their philanthropy, the growth in each was driven in part by significant individual commitments.

The Environment and Animals subsector saw 9.4% growth (in inflation-adjusted dollars). It is

notable that organizations within this subsector have led the field with their engagement strategies across generations, using social media platforms, in particular, to their best advantage. In addition, our client experience tells us that recent extreme weather is convincing more and more previously skeptical donors that climate change is real and must be addressed. Expect this to keep growing.

At \$41.46 billion, the Health subsector saw a 4.9% increase in total contributions from 2018 to 2019 (inflation-adjusted dollars). This growth, though moderate, reverses two years of declines (again, in inflation-adjusted dollars), and we expect it to continue.

As we digest this year's Giving USA report amidst a pandemic and social unrest, we can speculate with some confidence that philanthropy in the health sector, public-society benefit, and human services will see gains again next year.

WHERE DID GIVING DECREASE OR REMAIN FLAT?

GOING FORWARD:

Philanthropy is not just about generosity; it can also be about activism. Rather than simply supporting causes because “that’s what we always support,” donors today are aligning their philanthropic support with measurable and demonstrable impact.

The importance of communicating real-world outcomes to donors cannot be overstated.



The absence of International Affairs among subsectors experiencing growth in 2019 may seem notable in its contrast to last year’s 7% increase. However, from a historical perspective, a year of significant growth is often followed by a flat or declining year. In addition, giving to International Affairs tends to follow international crises. The refugee crisis, for instance, has been a notable motivator in the International Affairs subsector. Domestic crises have a similar impact, driving US donors to lend their support to causes closer to home. We expect to see this tendency in action in 2020.

A traditionally prominent subsector, Religion remained relatively flat in 2019, having grown by just 0.5% in inflation-adjusted dollars. As in 2018, Religion garnered 29% of overall giving, making 2019 the second year in which its market share was below 30%.

As we stated at this time last year, a simplistic view would be that donor enthusiasm is waning in this sector. We also noted the need for this subsector to innovate and invest in donor experience to the level other subsectors (for example, Environment and Animals) already have. This still holds true.

But this year we also want to recall that overall philanthropic giving grew at 2.4% in inflation-adjusted dollars. Religion, even with its modest growth, simply did not grow by the same proportions as overall giving. In other words, this may be less evidence that its piece of the pie is decreasing than it is evidence that the pie, itself, is getting larger.

Now, we’ll turn to Education – fully mindful that support of Education grew this year (as mentioned in the previous section). Isn’t the reason for a rebound from decline as telling as the reason for the decline itself? Rewind to January 2019. Education began the year coming off a 3.7% decrease in contributions (inflation-adjusted) from 2017 to 2018. Education fared much better in 2019, as we noted previously. Why the turnaround?

Historically, the Education subsector has experienced a decline, on average, every 1.8 years since 1979, so turnarounds are not uncommon. What is interesting about 2018-2019 are the educational issues that drive donor interest. One prominent study (“Trends in Education Philanthropy: Benchmarking 2018-19” by Grantmakers for Education) suggests that educational philanthropists have begun moving away from traditional educational funding priorities and looking instead to equity issues. They further hypothesize that funders have lost confidence in government leadership in education reform and have simply taken it into their own hands.

Educational philanthropy is no longer just about endowments; it’s about programs. It’s about early childhood education and workforce preparation. In short, we are seeing a shift toward a more active, participatory educational philanthropy.

GIVING AND THE CONCENTRATION OF WEALTH

GOING FORWARD:

With fewer and fewer donors controlling an increasing percentage of overall philanthropic revenue, **it will be more crucial than ever for fundraisers to engage donors in meaningful relationships and practice consistent and personal stewardship.**



In 2019, giving by individuals accounted for less than 70% of total giving. This is the second year in a row and only the second time in 65 years that giving by individuals has accounted for less than 70% of total giving. At 69% of the total, the slice of the philanthropic pie given by individual donors in 2019 was larger than the 68% seen in 2018, and the \$309.66 billion given by individual donors in 2019 represent an increase of 2.8% in inflation-adjusted dollars from 2018.

Last year, we explained the decrease in individual giving as part of an ongoing trend, noting that the wealthy were making up the difference. Even with this year's slight turnaround, it is unlikely that individual giving will again climb above 70% of the total.

As wealth becomes increasingly concentrated among high net worth donors, it is worth monitoring the continued growth of family foundations and, therefore, a continued shift away from the traditional individual middle class donor profile.

We are often asked about the implications of the 2017 Tax Cuts and Jobs Act and its impact on giving today. The vast majority of donors do not report that they intend to alter their giving based

on policy changes, a theory that has been quantified by a number of studies. For example, in the Fidelity Charitable study "Adapting to tax reform: How donors responded and their plans for the future," 82% of donors reported that they intended to maintain or increase their giving despite changes to the tax law.

However, itemized giving by low- and moderate-income earners – those making less than \$100,000 annually – has been declining for more than 10 years, even before the implementation of the Tax Cuts and Jobs Act of 2017.

Additionally, total dollars contributed by upper-income earners have soared, but not due to itemized giving. Average itemized giving has not increased, but the number of upper-income earners has more than doubled since 2000, to 19 million. As a result, those earning more than \$100,000 now account for 75% of all itemized giving. Donations from households earning \$200,000 or more now total 52% of all itemized contributions. In the early 2000s, that number was consistently in the 30% range.

DONOR LOYALTY AND GIVING MECHANISMS

GOING FORWARD:

At Graham-Pelton, we know that all sources of giving are, at their core, powered by the individual. **Yet, we must pay attention to the conduits of that giving as foundations and donor-advised funds only increase in popularity. Understanding the giving preferences of your donors is an act of stewardship.**



In 2019, bequests accounted for 10% of total contributions and \$43.21 billion. Adjusted for inflation, this represents a small (1.6%) decrease. In fact, since 2010, giving by bequest has declined 2.3%. However, these declines were far outweighed by the growth in bequest giving between the five-year periods of 1995-1999 and 2015-2019 (39.2% and 40.4%, respectively).

With an aging population, especially when combined with the increasing concentration of wealth, it would be fair to expect that the “market share” of bequests will only grow. Donor loyalty matters and may ultimately lead to continued growth, no matter the platform in which that generosity is manifested.

At a rise of .6%, giving to foundations experienced a small increase in 2019 compared to the previous year and totaled \$53.51 billion. Giving to foundations has accounted for the highest shares of overall giving in each of the last three five-year periods.

Giving *by* foundations experienced a modest .7% growth in inflation-adjusted dollars over 2018 and comprises 17% of giving from all funding sources. At \$75.69 billion, this represents the smallest increase among funding sources.

However, giving *by* foundations has experienced an explosion in growth when you consider the long-term. Consider this: from 1979 to today, dollars raised from foundations has seen an **859% increase in inflation-adjusted terms, while dollars raised from individuals has seen just a 140% increase.**

To illustrate: in the five-year period beginning in 1980, giving by individuals accounted for 82% of all donations, but that figure had fallen to 70% for the five-year period beginning in 2015. As the piece of the overall giving pie decreased for individual giving, the piece given by foundations got larger. Giving by foundations grew from 6% of overall giving in the five-year period beginning in 1980 to 16% in the five-year period beginning in 2015. (The percent of total giving by corporations and bequests, by contrast, has barely changed over these same periods.)

Graham-Pelton posits that all sources of giving are, at their core, powered by the individual. Indeed, Giving USA estimates that giving by family foundations comprises an average of 64% of giving by independent foundations (at \$34.79 billion in 2019) and 46% of total foundation giving in 2019.

Each of the three types of foundations (independent, community, and operating) increased their giving slightly, with community foundations increasing their giving the most at 5.6%.

According to the National Philanthropic Trust’s 2019 Donor-Advised Fund Report, contributions to donor-advised funds increased by 20.1% to \$37.12 billion, compared to the prior year’s revised contribution total of \$30.90 billion. Donor-advised funds have long been central to how community foundations have functioned, and we posit that an increase in giving to donor-advised funds created a “bump” in community foundation support.

Perhaps we should call 2020 the year of inflection.

The pandemic is just one of a few crises within 2020, ranging from the global to the domestic, from financial to one of equality and human rights. And maybe giving itself will be forever altered as a result.

We went into the year strong, riding on 2019's robust results. But by February, we had officially entered a recession. We went into pandemic lockdown in March, and by May we had witnessed our collective arrival at a national tipping point with regard to systemic racial injustice. It is not hyperbolic to say our nation is changed.

Our research has shown us that uncertainty - particularly economic uncertainty - does not stop philanthropy. Though philanthropy may shadow market fluctuations, its peaks and valleys are rarely as dramatic. In 2008, the S&P 500 lost 38%, while philanthropy declined by just 7%. This supports our theory that donors give because their philanthropy helps others rather than because they are seeking a financial benefit for themselves.

But 2020 is not over yet, and the November elections loom large in the near future. Past studies tell us that the vast majority of donors do not report intent to alter giving based on policy changes, but policy and politics are two

very different things. We reported on the Fidelity Charitable study "Adapting to tax reform: How donors responded and their plans for the future" finding that 82% of donors intended to maintain or increase their giving despite changes to tax law, and we stand by that. But politics, particularly in the current environment, may well influence donor behavior. Which sectors may see growth as people use their philanthropy to effect change?

Another point to consider: high net worth donors are responsible for an increasing amount of our nation's overall philanthropy, but might 2020 (and possibly even immediate subsequent years) look different?

Might we see a resurgence of the middle class donor, and therefore a growth in donors overall? The current upheaval is of such consequence that it may drive more people into philanthropic activity as they seek to have a positive impact on where we, as a nation, go from here.

Here's what we do know. We know that the very definition of philanthropy means goodwill toward the human race. We encourage you to continue your efforts to be conduits of goodwill. Because, after all, humanity depends on philanthropy.

Why does 2019 matter today?

Though it is important to note that the 2020 report covers 2019 and does not capture the upheaval experienced since March of this year, there are takeaways that can be upheld even when considering current circumstances.



WEALTH CONCENTRATIONS ARE CHANGING GIVING MECHANISMS

2019 was only the second year ever (with the year prior, 2018, being the first) when individuals accounted for less than 70% of total giving. In 2019, individuals comprised 69% of giving (this figure was 68% in 2018). An increasing concentration of wealth means a greater increase in giving by foundations. Going forward, recognize that while individuals remain the motivating source of giving, those conduits of giving are increasingly in the form of foundations and donor-advised funds.



EMERGING SUBSECTORS ARE STRENGTHENING MARKET SHARE

Last year we reported that election years do not have a negative impact on charitable giving, partially because political giving is still relatively small compared to overall philanthropy. Yet when we looked at sectors with the strongest growth (in inflation-adjusted dollars) since the 2008 Great Recession, we found that Public-Society Benefit saw the sharpest increase at 74.38%, followed by Environment and Animals (at 54.59%) and Education (at 50.42%). Rather than considering a sole election year, consider the ways that *cause prioritization*, whether due to a political movement, the COVID-19 pandemic, or civil unrest, will continue to push growth in these subsectors.



MANY LONG-TERM TRENDS HAVE HELD STEADY

There are certain long-term trends that have held steady and are again represented in the 2019 results. For example, giving as a percentage of GDP has not varied by more than .2% in 40 years, and the variance in giving as a percentage of personal disposable income has never exceeded 0.1-0.2% (in current dollars) from one year to the next in any of the last 40 years. When you consider the years 2005 through 2010, a period that included the most volatile years of the Great Recession, the net change in philanthropic dollars proved to be a decrease of less than 1.5% (in current dollars). Do not use the current climate as reason to pause asking for gifts and garnering support. The generosity of the American people is both profound and consistent.

ABOUT GIVING USA

Each year, the Indiana University Lilly Family School of Philanthropy, Giving USA Foundation, The Giving Institute, and many others work together to produce Giving USA: The Annual Report on Philanthropy. It is the most comprehensive and accurate benchmark for charitable giving in the United States.

The data from Giving USA covers many facets of the philanthropic community. It tells us where, how, and to whom individuals and organizations are giving. Since 2000, the Giving USA Foundation has partnered with the Indiana University Lilly Family School of Philanthropy. The school conducts the research, and it spans:

- 53 million households across the United States
- Nearly 16 million corporations claiming charitable deductions
- More than a million estates
- About 82,000 foundations

Donations made to all of these entities ultimately go to nearly 1.1 million charities, as well as to an estimated 300,000 religious organizations across America.

ABOUT THE GIVING INSTITUTE

The Giving Institute is the parent organization of Giving USA Foundation and consists of member organizations that have embraced and embody the core values of ethics, excellence, and leadership in advancing philanthropy. As a member organization of The Giving Institute, Graham-Pelton embraces the highest ethical standards and maintains a strict code of fair practices.

IN THE SPIRIT OF GENEROSITY

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