

To: Board of Visitors  
Executive Committee  
Center Advisory Boards

From: Patrick M. Rooney, Interim Executive Director

Date: December 19, 2008

Subject: Center on Philanthropy Activities

This has been an historic year for the country and for philanthropy. The effects of the economic crisis on giving have rattled the nonprofit world and have left many looking for answers. Now more than ever research-based knowledge of the nonprofit sector is needed. The Center on Philanthropy continues to release new research findings and offer perspective and commentary on the current giving climate and historical patterns.

### **Response to Recession**

To help nonprofit professionals and scholars, the Center has released a briefing on the economy and charitable giving. It included findings from a special Giving USA Foundation's *Spotlight* newsletter for Fall 2008 which analyzed trends over the last 40 years. The report shows that giving decreased an average of 1 percent in recession years after adjusting for inflation. In years with eight months or more of recession (such as this year), giving declined at an average rate of 2.7 percent per year (adjusted for inflation). Furthermore the briefing noted that most households continue to give during times of financial insecurity, although some give less compared to periods of economic prosperity and some donors become non-donors, especially those earning less than \$50,000 per year. The Center on Philanthropy Panel Study (COPPS) for example, found that average household giving in 2002 declined by 6.3 percent, after adjusting for inflation, compared to 2000. The briefing can be found in full at <http://www.philanthropy.iupui.edu/Research/EconomyBriefing.aspx>.

### **Center in the News**

The Center continues to respond to many media requests for insight, commentary and the latest research about giving and the economy. Since October 1, the Center has handled over 170 requests with many resulting in interviews provided by our faculty and staff. Notably, a story on page one of *The Wall Street Journal* print edition cited our research, and *The Washington Post* ran stories citing the Center on back-to-back days. *The Associated Press* and American Public Media's *Marketplace* also recently quoted the in breaking stories about donor intent and giving during this holiday season.

### **Philanthropic Giving Index**

Nonprofit professionals reported the lowest overall level of confidence in the fundraising climate for U.S. charities in over a decade, according to the latest Philanthropic Giving Index (PGI) report released this month by the Center. The overall PGI is now 64.8, a 21.7 percent decrease from just six months ago and a 27 percent decrease since December of 2007. In the ten years since the study began in 1998, the overall PGI has ranged from a previous low of 72.3 in Summer 2003 to a high of 94.6 in December 1999. More than 93 percent of fundraisers said the economy is having a negative impact on fundraising, including 28.5 percent who reported a very negative impact. While we don't know yet what will happen to total giving in 2008, the PGI is a

strong indicator of the challenges that many fundraisers and organizations are facing as the year comes to a close. The total giving picture is very complex, and we expect that different organizations will be affected in different ways. Yet, this has clearly been a tough year for many people across the spectrum of the nonprofit sector.

### **Research on Religious Giving**

Based on research the Center conducted for the Giving USA Foundation, the Lake Institute released a paper about religious giving in uncertain times. Although affected by the economy, religious giving remains a top-giving priority to many donors. Over 50 percent of all household giving goes to religion, mostly congregations. In times of recession the decline in giving to religion has been -0.1 percent compared to an average growth in non-recession years of 2.8 percent. The paper outlines some strategy suggestions for religious congregations and faith-based nonprofits and some helpful reminders about fundraising practices. A copy of this paper can be found on the Lake Institute website <http://www.philanthropy.iupui.edu/LakeFamilyInstitute/>.

### **Research at State and Local Levels**

In addition to national studies, the Center's regional research conducted at the state and local community level offers helpful information for nonprofit leaders. Just this month the Center presented findings from three state and city-wide initiatives: Memphis Gives, Georgia Gives, and Indiana Gives. In the *Memphis Gives* study we found that while Memphis households give almost double the national average, increases in giving there did not keep pace with the growth in personal income, after adjusting for inflation. In 2003, the Center conducted its first giving study for the city of Memphis. This is the first time the Center has conducted a repeat giving study of a city. More information can be found on the Center's website at <http://www.philanthropy.iupui.edu/News/2008/pr-GivingMemphis2008.aspx>.

A joint effort between Georgia State University and the Center resulted in the most comprehensive analysis ever conducted of Georgia's nonprofit sector and the giving patterns of Georgians. Funded by a grant from the Wilbur and Hilda Glenn Family Foundation, *Georgia Gives 2008*, provides a useful comparative look at regional differences in charitable giving between the Atlanta metropolitan area and other parts of Georgia as well as to national benchmarks. More information can be found on the Center's website at <http://www.philanthropy.iupui.edu/Research/docs/2008GeorgiaGives.pdf>.

Our analysis of giving in Indiana showed that while fewer households are giving to charity, those who do give are giving more when compared to the last study which was conducted in 2004. More information can be found on the Center's website at [http://www.philanthropy.iupui.edu/Research/docs/2008IndianaGives\\_Rev2.pdf](http://www.philanthropy.iupui.edu/Research/docs/2008IndianaGives_Rev2.pdf).

### **Bank of America Study: Preliminary Results for 2008**

The initial findings of *The 2008 Bank of America Study of High Net-Worth Philanthropy* have been released. These new findings confirms many trends found in the landmark 2006 Bank of America study, but also reveals some new dynamics and trends. For the more than 700 high net-worth households that responded to the survey, the desire to "give back to the community" is the leading motivator for giving, while "public recognition" is essentially a non-factor. Moreover, donors believe that charitable contributions have a greater impact on their personal fulfillment than on the organizations they support. The study also revealed that transparency, accountability and protection of privacy are among high net-worth donors' primary expectations of the

nonprofit organizations they support. The full report is due to be released in the first quarter of next year.

### **U.S. Chamber of Commerce**

In partnership with the U.S. Chamber of Commerce and the Business Civic Leadership Center and made possible by funding from the U.S. Department of Commerce Economic Development Administration, the Center published the *Report on the State of Corporate Community Investment*. The report resulted from a survey of business executives in the nation's 100 largest metro areas, and sought to determine which factors affect local business competitiveness and what role the business sector plays in addressing them. Ninety percent of respondents said their companies make cash donations to community causes, and 88 percent sponsor nonprofit organizations. Almost 77 percent make in-kind donations and 42 percent provide pro-bono services. For full findings, including summaries of public-private focus groups conducted by BCLC in eight communities, visit [www.uschamber.com/bclc/programs/investment/stateof\\_report](http://www.uschamber.com/bclc/programs/investment/stateof_report).

### **Barbara Ibrahim**

This fall, the Center has had the privilege of hosting Barbara Ibrahim, Director of the Gerhart Center on Philanthropy and Civil Society at the American University in Cairo. Her husband Saad, a well known advocate of democracy in the Middle East, is currently a visiting professor at the Indiana University School of Law. They both presented a series of lectures addressing civil society and philanthropy in the Middle East, providing insightful commentary about a broad range of topics. In September, Barbara shared her observations on the growth of youth activism in volunteer service organizations in Egypt. Next, she presented an analysis of the philanthropic motivations and patterns of wealth holders in the region. The day after the elections, she and Saad discussed the future of U.S. relations with the Middle East under the guidance of a new U.S. administration. Most recently Barbara presented a lecture called "Charity and Change: Some philanthropic trends in Muslim societies." We are so grateful for our association with Barbara. She has brought a global perspective and added expertise to the Center's academic programs. We thank her and look forward to continued interaction with her and the Gerhart Center.

As always, thank you for your continued support of the Center on Philanthropy. The strength and support you supply the Center was especially appreciated during this year of challenge and change. Please contact me if you have any questions about the Center's recent research or would like to discuss specific suggestions for making the Center better.

P.S An article by Adrian Sargeant, Hartsook Chair in Fundraising, and Jen Shang, Post Doctoral Fellow, about what research fundraisers want is currently on the home page of *The NonProfit Times* at <http://www.nptimes.com/webex/08Dec/c1-12-1-08.html>