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U.S. CHARITABLE GIVING TOPS \$300 BILLION FOR FIRST TIME IN HISTORY



According to *Giving USA 2008*, published by Giving USA Foundation, charitable giving in the United States reached \$306.39 billion in 2007, an increase of 3.9 percent from 2006 figures. This is the first time in history charitable giving in the U.S. exceeded \$300 billion in one year. The report is researched and written by the Center of Philanthropy at Indiana University.

“*Giving USA 2008* shows that a strong start to the economy in 2007 helped lift giving despite worries at year’s end from gasoline prices or the housing and mortgage crises,” said George C. Ruotolo, Jr., CFRE, chairman and CEO of Ruotolo Associates and chair of Giving Institute: Leading Consultants to Non-Profits, which founded Giving USA Foundation in 1985. “Just as important as the 3.9 percent overall increase is the finding that every subsector, except private foundations, is projected to have seen increases in 2007. This last occurred in 2001.”

Mr. Ruotolo, who suggested that the Giving Institute compare philanthropy to certain retail sectors, added that charitable giving of \$300 billion is roughly equivalent to:

- One-third of the value of car sales for 2007.
- Half of the value of sales at food and beverage stores for last year.
- Twice the sales at electronics and appliance stores for 2007.

Mr. Ruotolo also pointed out other non-profit trends:

- Almost 10 percent of the employed workforce works for non-profits.
- The non-profit sector has grown faster than government or private industry/service sectors in the 10-year period spanning 1995-2005, the most recent year for which data is available. During this time, gross domestic product increased approximately 35 percent (adjusted for inflation), while non-profit revenue grew at least 54 percent and overall charitable giving increased by 85 percent.
- On average, households give about \$2,000 a year to charity, with half of that directed towards religious organizations.
- The United States is one of the few countries in the world with a documented level of charitable giving that is 2 percent or more of gross domestic product.

According to *Giving USA 2008*, individuals continue to fuel philanthropic giving by contributing an estimated \$229.03 billion, or 74 percent, of total estimated giving in 2007. “Individual giving makes up a grand total of 88 percent of all giving when you combine bequest, family foundation and individual giving,” said Del Martin, chair of Giving USA Foundation. “About 51 percent of the individual giving is from the 10 percent of households in the highest income groups. This shows how important large gifts are to non-profits. On the other hand, a little less than half of all individual giving comes from the 90 percent of households with incomes under \$100,000. While higher-income families are major donors to many important institutions, ordinary-income donors are vital, too, for the health of the non-profit sector in this country.”

In 2007, charitable bequests are estimated to be \$23.15 billion, an increase of 6.9 percent (4 percent adjusted for inflation). Corporate giving is projected to have increased 1.9 percent to \$15.69 billion. Foundation grantmaking was \$38.52 billion, accounting for 12 percent of total giving in 2007. The growth in foundation giving reflects the increasing number of household or individual donors who, in recent years, have created foundations to focus their charitable giving.

Total giving by sector for 2007 is as follows:

- Religious congregations received an estimated \$102.32 billion, about 33 percent of the total. This is the first year that religious giving has topped \$100 billion.
- Educational organizations received about 14 percent of the total, \$43.32 billion. Gifts to this sector increased 6.4 percent (3.4 percent adjusted for inflation) compared with revised estimates for 2006.
- Human services charities received 9.7 percent of total estimated giving—nearly \$30 billion—an increase of 8.4 percent (5.4 percent adjusted for inflation) from the revised estimate for 2006.
- Foundations, which in recent years had received the third-highest amount of donations, dropped to fourth, with a total of nearly \$28 billion.
- Health organizations received \$23.15 billion, or about 8 percent of total estimated giving, while the public-society benefit subsector received approximately 7.4 percent of total giving, a total of \$22.65 billion.
- Giving to arts/culture/humanities organizations increased 7.8 percent (4.8 percent adjusted for inflation), to \$14 billion.

- Giving to international affairs organizations grew by 16.1 percent (12.9 percent adjusted for inflation). Total giving in this subsector was \$13.2 billion, or about 4 percent of total estimated giving.
- Giving to the environment/animals subsector is nearly \$7 billion, or 2 percent of 2007 giving.
- Presidential campaigns raised \$580.4 million in 2007, according to the Federal Election Commission, accounting for less than one-quarter of 1 percent of money raised for charitable purposes.

HOW A RECESSION IMPACTS GIVING

By Giving USA Foundation

A recent examination of charitable giving during recession years in America shows that a slowing economy definitely affects donations to non-profit organizations.

A 2001 *Giving USA* report on charitable donations found that after an economic downturn, charitable giving typically does not keep up with increases in inflation. Upon revisiting the subject in 2008, it has been found that giving slows slightly during recessions. In the five recessions since the one lasting from 1973-1975, giving fell an average of 1.3 percent adjusted for inflation. In non-recession years from 1966 through 2006, giving has increased an inflation-adjusted average of 4.3 percent.

In two economic slumps, in 1973 and again in 2001, donations failed to keep pace with the growth in inflation for three years straight. Giving also declined after the 1987 stock market collapse. Scholars now attribute most of the 1987 decline to pre-payment of gifts in 1986, when donors gave early to take advantage of deductions that were restricted when new tax laws took effect in 1987.

While overall giving typically slows down during a recession, not all types of recipients of charitable gifts show the same trends. Underlying shifts in the nature of charitable giving—such as increases or decreases in visible need as seen during disasters; awareness of government funding for a purpose (such as health care); or increased fundraising efforts among a large number of charities—can all have an impact larger than the impact of the overall economy.

“While no one has yet officially announced a recession, our giving totals might say that we were not in one in 2007,” said George C. Ruotolo, Jr. CFRE, chairman and CEO of Ruotolo Associates and chair of Giving Institute: Leading Consultants to Non-Profits. “We will have to wait another 12 months to find out for sure, but I do anticipate that Americans will continue this year to support the causes they are passionate about and to offer relief after disasters the world over, just as they have in the past.”

Netlinks is published quarterly by George C. Ruotolo, Jr., CFRE, Chairman and Chief Executive Officer of Ruotolo Associates Inc. The newsletter is edited by Liz Campbell, Associate. Reproduction of *Netlinks* is permitted only with attribution to *Netlinks*, a

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