

# **What you need to know about giving in 2016**

Highlights and Commentary for the  
Giving USA: The Annual Report on Philanthropy  
by Graham-Pelton Consulting

Giving USA released “The Annual Report on Philanthropy for the Year 2016” in June 2017. 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.

Outlined on the following pages are six noteworthy highlights and select Graham-Pelton commentary. For more information, or to discuss these findings, please contact Graham-Pelton at [inside@grahampelton.com](mailto:inside@grahampelton.com) or 1-800-608-7955.



## **Giving reached an all-time high of \$390.05 billion in 2016.**

This was a 2.7 percent increase (in current dollars) over total giving in 2015. Individual giving was a driver behind the increase (it comprised 72 percent of total giving at \$282 billion); high-net-worth (\$200,000 and above) households represent about 50 percent of this annual individual giving.

## **All nine charitable subsectors saw an increase in giving.**

This has only occurred six times in history. All but two of the recipient categories (international affairs and foundations) also reached their pre-recession highs in giving totals.

## **Mega-gifts accounted for \$1.495 billion in individual giving and another \$400 million in a realized bequest.**

The Giving USA threshold for incorporating a mega-bequest was \$200 million, a decrease from last year's benchmark of \$300 million.

## **Education remains a top recipient of charitable giving and saw moderate growth.**

The education subsector received the second-largest share of charitable dollars in 2016, 15 percent of the total (close to \$60 billion). Other key factors to note:

- The annual growth rate of giving in education decreased to 3.6 percent from 8.9 percent, which it had been in each of the previous two years.
- The vast majority of \$1 million-plus donations went to higher education and foundations based on data from The Chronicle of Philanthropy's Philanthropy 50 list.
- The year-to-year average for giving to higher education as a proportion of all education giving varies; Giving USA estimates that it is 70 percent.

## **Giving to religion grew at the slowest rate at 3%.**

Giving to religious organizations has been declining as a share of total giving since the five-year period beginning in 1982, when it reached 58 percent of the total. Even so, giving to religion accounts for the largest share of charitable dollars in 2016 (32 percent of all donations, totaling \$123 billion).

## **Environment and animal organizations saw the largest gain with 7.2 percent growth. International affairs, arts, and health saw robust gains as well.**

All of these sectors enjoyed increases of greater than 5 percent, which is a sharp contrast to, and change in pattern from, the 3.6 percent and 3.0 percent increase realized in the education and religion sectors, respectively.

## Graham-Pelton Commentary on 2016 Giving Trends

“We are not surprised to see the increase in giving and that the increase is driven by individuals. **Americans have a spirit of generosity that is inspired by nonprofit leaders who create compelling visions and fundraisers who craft compelling cases for support.** The report shows not only that the Great Recession is behind us but also that Americans are not deterred by – but are perhaps inspired by – the new sociopolitical landscape.”

-Elizabeth Zeigler, President and CEO

While the election did not likely affect the overall rate of giving, it may have driven giving to sectors that are not traditionally top recipients of philanthropy. We predict continued growth in these sectors as people make their voices heard through their giving, and as nonprofits continue to invest in fundraising strategy.

In the face of this changing philanthropic landscape, the education sector in particular may be on notice that it cannot rest on its fundraising laurels. A “Gilding the Lily” syndrome may be taking root in the philanthropic decision-making of today’s donors as other sectors attract philanthropy because their needs appear worthier or more urgent. For example, as donors continue seeking out causes bigger than themselves, supporting a class reunion campaign or an alma mater’s direct mail appeal may pale in comparison to clean water in Africa or rights of the disenfranchised.

Nonprofits may need to reframe their messaging to be more focused on key issues rather than tradition. We advocate proactive action:

- **Add relevance** by making a case that aligns with donor motivation and ties donor support to lasting change with impact beyond the organization’s walls.
- **Become revolutionary** in your approach to donors: be willing to co-create big ideas; adjust communications (move from print to microsites, create crowdfunding platforms); embrace the potential of women’s philanthropy; and go beyond the “ladder approach” in solicitations.
- **Address retention** of donors by being transparent in their gift stewardship, creating new donor welcome packets, enhancing standard endowment reports, telling more stories of impact, and making sure “you” shows up twice as much as “we” in acknowledgment messaging.
- **Review return** on your fundraising activity with a healthy combination of results tracking and “no box thinking”; do the analysis and consider redesigning stakeholder engagement opportunities, eliminating traditional galas and auctions, creating a donor advisory board, and reducing portfolio sizes to allow more relationship-based philanthropy to thrive.