

Background Briefing and Q&A for Giving Institute and Giving USA Foundation Members Speaking with the Media

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EMBARGO LIFT DATE: 12:01 am on Tuesday JUNE 14, 2016

GIVING USA 2016

KEY TAKEAWAYS

- American individuals, estates, corporations, and foundations donated an estimated \$373.25 billion to charitable causes in 2015. This is an increase of 4.1 percent (4.0 percent, adjusted for inflation) from the revised estimate of \$358.60 billion (in current dollars) for 2014.
- This is the second consecutive year of increases in total giving (in current dollars). Note: last year, we reported five consecutive years of increases. However, our revision for the year 2013 now shows no change in total giving (0.0 percent) from 2012.
- Total giving was 2.1 percent of GDP for the last four years, except for 2013 when it was 2.0 percent. During the years 2009 to 2011, total giving as a percentage of GDP was 1.9 percent.
- Total estimated giving was at its highest levels ever in 2014 and 2015 (in inflation-adjusted dollars).
 - However, on the sources side of giving, only giving by foundations reached its highest level ever. In fact, foundation giving reached its highest levels for the last four years in a row.
 - Corporate giving in 2015 was tied with corporate giving for the year 2005 for its highest level ever.
 - All but four recipient categories of giving reached their highest levels in 2015 (the exceptions are: health, public-society benefit, international affairs, and to foundations).
- Total estimated giving for 2015 is likely to remain above the pre-recession high, even taking into consideration revisions to the 2015 estimates in next year's edition of *Giving USA*. The third-highest level of giving was \$355.57 billion (in inflation-adjusted dollars) in 2007.
- In 2015, giving increased for all four donor types and all but one of the recipient types (giving to foundations was the exception).
- The single largest contributor to increases in total charitable giving in 2015 was an increase of \$9.77 billion (3.8 percent over 2014) in giving by individuals (67 percent of

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the total giving increase). This reflects, in part, increases in wealth, as measured by recent large increases in the S&P 500 (an increase of 29.6 percent in current dollars in 2013 and 11.4 percent in 2014) and in personal consumption expenditures (an increase of 4.2 percent in current dollars in 2014 and 3.4 percent in 2015).

- Giving by foundations increased by 6.5 percent (in current dollars). Because independent foundations account for the largest portion of foundation giving, by far, at 75 percent, they have the strongest influence on the total change in giving reported for foundations. Total estimated giving by independent foundations in 2015 was \$43.70 billion, increasing 6.0 percent over 2014. Giving by operating foundations increased 8.1 percent (to \$7.95 billion) and giving by community foundations increased 7.4 percent (to \$6.80 billion).
- Econometric models cannot capture giving related to anomalous events, like natural and man-made disasters, or very large gifts called “mega-gifts.” In these instances, *Giving USA* adds additional estimates for contributions given by donor type or to particular subsectors.
 - For 2015, *Giving USA* added \$2.85 billion in mega-gifts of \$300 million or greater made by individuals and \$1.66 billion made by bequest. This is a conservative estimate for very large gifts likely to have been paid in 2015.
 - For 2015, *Giving USA* also added giving for Nepalese disaster-relief efforts:
 - \$128 million onto the individual giving base estimate
 - \$23 million onto the corporate giving base estimate
 - \$10 million onto the foundation giving base estimate

TOTAL GIVING QUESTIONS

Total giving of \$373.25 billion is at its highest level ever. What is the explanation?

The Lilly Family School of Philanthropy stated in 2014: “If total giving continues to grow at the current inflation-adjusted rate, averaging the last two years (4.2 percent), it will take about just about one more year or so for total giving to return to the level realized in 2007 (\$349.50 in inflation-adjusted dollars).”

Indeed, total giving was able to sustain growth in 2014 and 2015, following growth in all years since 2010 except 2013 (when it was flat at 0.0 percent). This growth is due to the recovering economic environment and the stabilization of household finances—especially for those at higher income levels. Key economic factors influencing giving by all sources of giving in 2015 include (all in current dollars):

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- 3.4 percent growth in personal consumption
- -0.7 percent change in S&P 500 (but large increases in 2013 and 2014, at 29.6 percent and 11.4 percent respectively)
- 4.4 percent growth in personal income
- 3.7 percent growth in disposable personal income
- 3.5 percent growth in GDP
- 3.3 percent growth in corporate pre-tax profits

A related factor, unemployment, also declined from 5.7 percent in January 2015 to 4.9 percent in January 2016.¹ In addition, in May 2016, the University of Michigan's Index of Consumer Sentiment reported that year-over-year consumer sentiment grew 5.6 percent between May 2015 and May 2016.² However, the U.S. Consumer Confidence Index saw declines throughout much of 2015 as compared with steep increases in 2014.³

➤ **See Appendix A for rates of change for key economic indicators for the last several years.**

Is it possible for total giving to drop below the previous high in future editions?

Because *Giving USA* produces estimates for giving and does not produce final estimates for at least two years after the current year being estimated, it is possible that total giving estimates will again drop below pre-recession levels. This being said, the current estimates for the years 2014 and 2015 show promise that giving continues to be on a stable upward trend. Total giving for the year 2014 is now estimated to be \$359.04 billion (\$3.47 billion above the third-highest 2007 total of \$355.57 billion). Total giving for the year 2015 is \$17.68 billion above the 2007 total.

Have each of the sources of giving surpassed their previous highs (in inflation-adjusted dollars)?

No, only giving by foundations has reached its highest level, at \$58.46 billion. Giving by foundations has been at its highest levels for the last four years.

The previous high for giving by individuals was in 2005, at \$267.99 billion. This is compared with \$264.58 billion in 2015.

The previous high for giving by bequest was in 2008, at \$34.39 billion. This is compared with \$31.76 billion in 2015.

¹ <http://data.bls.gov/timeseries/LNS14000000>

² <http://www.sca.isr.umich.edu/>

³ <https://data.oecd.org/leadind/consumer-confidence-index-cci.htm>

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The previous high for giving by corporations was in 2005, at \$18.45 billion. This is the same figure for 2015, at \$18.45 billion.

Have each of the recipient categories surpassed their previous highs?

All but four of the recipient categories have reached their previous highs. These exceptions include: giving to health, public-society benefit, international affairs, and to foundations. Health was estimated to have reached its high in last year's edition (for the year 2014) but has since been revised.

- Giving to religion is at its highest level, at \$119.30 billion (the next highest was \$116.30 billion in 2014).
- Giving to education is at its highest level, at \$57.48 billion (the next highest was \$52.83 billion in 2014).
- Giving to human services is at its highest level, at \$45.21 billion (the next highest was \$43.44 billion in 2014).
- Giving to health is at its second-highest level, at \$29.81 billion (the highest was \$30.09 billion in 2010).
- Giving to public-society benefit is at its second-highest level, at \$26.95 billion (the highest was \$27.23 billion in 2006).
- Giving to arts is at its highest level, at \$17.07 billion (next highest was \$17.06 billion in 2007).
- Giving to international affairs is far from its highest level, at \$15.75 billion (the highest was \$22.64 billion in 2008).
- Giving to environmental and animals is at its highest level, at \$10.68 billion (the next highest was \$10.07 billion in 2014).
- Giving to foundations is at its third-highest level, at \$42.26 billion (the highest amounts were \$44.00 billion in 2014 and \$43.06 billion in 2013).

Why does it appear that giving by sources is recovering more slowly than giving by recipient type?

This difference is largely explained by the fact that there are more recipient categories and that these recipient categories have overall totals that are smaller than totals by source type. Rates of

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change for smaller figures move faster (or are more variable) than rates of change for larger figures.

How did the economy affect giving in 2015?

Giving rises as the economy improves, especially as measured by personal income (which drives consumer expenditures) and wealth (as measured by the stock market). Most economic factors linked with income and wealth rose in the years 2013 and 2014, although at variable rates depending upon the specific economic factor. In general, most economic factors, such as GDP, personal income, and consumption, slowed in terms of their growth in 2015 as compared with 2014. In addition, the year-over-year change in the stock market declined by 0.7 percent. These changes explain why giving was stronger in 2014 than in 2015. Total giving rose 6.1 percent (inflation adjusted) in 2014, compared with the total change in giving of 4.0 percent in 2015.

For the S&P 500, specifically, *Giving USA* uses only inter-year changes in the index in its models (rather than monthly or intra-year figures). This is because statistical models have demonstrated that inter-year changes have a more powerful effect on charitable giving than do intra-year changes in the index. That being said, intra-year changes are sometimes informative in respect to charitable outcomes, as some donors may be influenced by these factors:

A five-year view (May 2011 to April 2016) of the S&P 500 12-month return chart shows that the index peaked at the end of 2013 at 32.4 percent and has been on a bumpy decline since.⁴ Though there were some peaks and valleys in 2014, the year ended at 13.7 percent. The year 2015 started with an increase in the return index, but began to decline again in February, dropping to 11.8 percent in May and then to just 0.5 percent in August [see below]. It rebounded a bit in October, but again declined to 1.4 percent in December. January 2016 turned out to be even worse, however, as the 12-month return dropped to -0.7 percent in January.

“The Standard & Poor's 500 index dropped 17 points, or 0.9%, to 1972, according to preliminary calculations. The broad-based index tumbled 6.3% for the month making August [2015] its worst month in more than 3 years, according to S&P Dow Jones Indices.”⁵

➤ **See Appendix A for these economic indicators.**

⁴ https://ycharts.com/indicators/sandp_500_12_month_total_return

⁵ <http://www.usatoday.com/story/money/markets/2015/08/31/stocks-monday-wall-street-dow-nasdaq-markets/71451834/>

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How has total giving compared with growth in the GDP, as well as a percentage of GDP?

Total giving was 2.1 percent of GDP for the last four years, except for 2013 when it was 2.0 percent. During the years 2009 to 2011, total giving as a percentage of GDP was 1.9 percent.

Note that total giving as a percentage of GDP is very difficult to change. GDP totaled \$17.95 trillion in 2015. It would take about \$77 billion more dollars for giving to rise to 2.5 percent of GDP (if GDP were to remain constant). It would take about \$167 billion more dollars for giving to rise to 3.0 percent of GDP (if GDP were to remain constant).

Between 2005 and 2015, inflation-adjusted total giving rose at an average rate of 1.4 percent, while GDP also rose at an average rate of 1.4 percent. Between 2010 and 2015, inflation-adjusted total giving has grown at an average rate of 3.6 percent, while GDP rose at an average rate of 2.0 percent. Therefore, the change in total giving has been outpacing the change in GDP.

How did the recovery after the Great Recession compare with the recovery in previous recessions?

Since 1980, the *average annual* inflation-adjusted rate of change in total giving in the six years following each recession was 3.4 percent. For the years 2010 to 2015, the *average annual* inflation-adjusted rate of change in total giving was 3.6 percent.

The year 2009 was the last year of the Great Recession. For the years 2009 to 2015, *the total rate of change* in total inflation-adjusted giving was 23.0 percent. The worst recovery period for charitable giving between the last year of a recession and the sixth year following a recession was in 2001–2007, when total inflation-adjusted giving rose 14.5 percent. The period 2009–2015 is the second-fastest-recovery period on record going back to 1980 (1975–1979 was excluded from the analysis due to a partial recession period).

How did disasters and other events impact giving in 2015 and prior years?

Econometric models cannot capture giving related to anomalous events, such as natural and man-made disasters, or very large gifts called "mega-gifts." In these instances, *Giving USA* adds additional estimates for these types of contributions.

For the year 2015, *Giving USA* added estimated amounts contributed by individuals and corporations to support disaster relief efforts, as well as estimated amounts received by international affairs and human services organizations. Detailed information on disaster giving is below, followed by information on mega-gifts made by individuals and estates.

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Disaster Giving Calculation

The Lilly Family School of Philanthropy adds estimates for disaster giving when donor response is particularly large. This is a methodological approach to ensure that we estimate giving as close to accurate as possible.

The April 2015 Nepal Earthquake struck on the 25th day of the month that year. This disaster is known locally as the Gorkha earthquake and killed more than 8,000 people. The United Nations has estimated that donors worldwide gave \$475 million to support relief efforts in Nepal.⁶ Initial reports reveal that aid to support these relief efforts was swifter than for other recent disasters, like for Typhoon Haiyan.⁷ Donations in support of the Nepalese relief efforts may have been larger, on average, than for other relief efforts, but from a smaller pool of donors. More data and research are needed to better understand the giving dynamics to this particular disaster.

Statistics on giving to Nepal earthquake relief efforts have been sparser than for other relief efforts. This may be due to criticisms on the ways in which charities are handling the funds,⁸ or the alleged corruption of the Nepalese government in handling charitable gifts.⁹

The Lilly Family School of Philanthropy tracks giving to large disasters. For Nepalese earthquake relief efforts, the school estimates that U.S. charitable donors gave at least \$163.97 million. This does not include figures for U.S. governmental aid to Nepal. The school only reports on figures that it is able to verify. Total Nepalese aid given by U.S. donors could have easily been two times this amount. The school will continue to track giving in support of aid for this disaster in the coming months and years as more data/annual reports become available.

- \$22.74 million from corporations
- \$13.12 million from foundations
- \$128.11 million from individuals

⁶ Tom Esslemont, "U.S. Charities Are Spending Huge Amounts of Nepal Donor Funds on Overhead: Report," Thompson Reuters Foundation via *HuffPost Impact*, September 21, 2015, www.huffingtonpost.com

⁷ Megan O'Neil, "Nonprofits Report Faster and Bigger Response to Nepal Than to Other Recent Disasters," *The Chronicle of Philanthropy*, April 30, 2015, www.philanthropy.com

⁸ Tom Esslemont, "U.S. Charities Are Spending Huge Amounts of Nepal Donor Funds on Overhead: Report," Thompson Reuters Foundation via *HuffPost Impact*, September 21, 2015, www.huffingtonpost.com; Emily Troutman, "What Happened to the Aid? Nepal Earthquake Response Echoes Haiti," *Aid.Works*, June 19, 2015, www.aidworks.com

⁹ Simon Cox, "Where is Nepal aid money going?" *BBC News*, May 21, 2015, www.bbc.com; Eleanor Goldberg, "Nepal Hasn't Spent Any Of The \$4 Billion In Donations Since Earthquake," *HuffPost Impact*, September 3, 2015, www.huffingtonpost.com

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Sources for these data come from extensive web searches of news reports, charities' websites, governmental data, and research center data.

Corporations

Because corporate foundations are more likely to publicize their giving than are individuals and foundations, the corporate giving figure is the closest to accurate estimate. The amount in corporate giving is estimated to be 14 percent of the \$164 million total, or \$22.74 million, based on the amounts reported and corporate giving in support of past disasters. The sources of much of the corporate giving data were:

The Better Business Bureau and Center for Disaster Philanthropy

Foundations

Information about giving to support Nepalese relief efforts was scarce and primarily came from news reports and Center for Disaster Philanthropy. Foundation giving is estimated to be 8% of the \$164 million total, or \$13.12 million, based on foundation grantmaking rates for similar past disasters.

Individuals

The individual giving estimate for giving to Nepalese relief efforts is extremely limited. The school determined individual giving by taking the residual distribution after adding estimated foundation and corporate giving together. Individual giving as a percentage of the total in support of this disaster is estimated to be 78 percent of the total, or \$128.11 million.

Most of the data available for giving to Nepal was organizational data, which helped with developing the estimate for the distribution across subsector types. The school developed a panel set of organizations for which data were verifiable for giving to these disaster relief efforts. From this panel, the school determined the distribution of giving to the different subsectors. The majority of gifts went to international affairs, followed by human services and then public-society benefit, health, and religious. This distribution falls in line with other internationally oriented disasters and includes giving to all the major disaster relief agencies. Only gifts to international affairs and human services were included in this estimate as the other subsectors received negligible amounts.

Sources for these data come from extensive web searches of news reports, charities' websites, governmental data, and research center data. The school will continue to gather data for this disaster and others as organizational reports and other data become available.

- \$70.51 million to human services (43 percent)
- \$91.82 million to international affairs (56 percent)
- \$1.64 million to other subsectors (not included in the data) (1 percent)

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Mega-giving in 2015

Econometric models cannot capture giving related to anomalous events, like natural and man-made disasters, or very large gifts called “mega-gifts.” In these instances, *Giving USA* adds additional estimates for contributions given by donor type or to particular subsectors.

For 2015, *Giving USA* added \$2.85 billion in mega-gifts of \$300 million or greater made by individuals and \$1.66 billion made by bequest. This is a conservative estimate for very large gifts likely to have been paid in 2015. See Table 1 for the mega-gifts reported in the giving by individuals estimate for the year 2015.

Note that the addition of these gifts is a methodological approach to ensure that the estimates that *Giving USA* provides are as accurate as possible. The addition of these gifts is not meant to be an analysis of giving of large gifts. **See our analysis of \$100-million-plus gifts following this section for additional information on this subject.**

In 2015, *Giving USA* had reported that 85 percent of mega-gifts included in the estimate for giving by individuals in 2014 were from individuals in the technology industry – typically young, Silicon Valley tech professionals. We noted that this was a sharp divergence from the majority of mega-donors being from the banking/finance, real estate, and oil industries in years past. Giving USA did not see the same trend in 2016 for giving in 2015.

Table 1
Mega-gifts for 2015

Donor(s)	Source of Wealth	Recipient	Recipient Category	Amount in Billions
Michael Bloomberg	Media and Entertainment	Arts, education, environment, public-health groups, and programs aimed at improving city governments around the world.	Various	\$0.510
Pierre and Pam Omidyar	Technology (eBay)	Omidyar Network, Humanity United, Ulupono Initiative, HopeLab, and other groups (Palo Alto, Calif.)	Various	\$0.327

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Unavailable	NA	Stanford University (2 gifts at .307B each)	Education	\$0.614
Harry W. and Mary Margaret Anderson and their daughter Mary Patricia Anderson	Business (Food Service Co., Saga)	Stanford University	Education	\$0.597
Stefan Edlis and Gael Neeson	Business (Plastics)	Art Institute of Chicago	Art	\$0.400
John A. Paulson		Harvard	Education	\$0.400
Total Gifts of \$300 million and above				\$2.848 billion

Primary Sources: https://philanthropy.com/interactives/philanthropy-50#id=browse_2015; Council for Aid to Education; and https://philanthropy.com/factfile/gifts/1?DonorDisplayName_cu=&Category=any&GiftRecipients_RecipOrgDateline_c=&GiftRecipients_RecipStateFull=any&GiftDonors_SourceWealth_cu=&GiftDonors_aStateFull=any&GiftYear=2015

Giving USA takes the most conservative approach to estimating mega-gifts. If gifts of \$200M and above were added into the estimate, the total amount for mega-gifts would be at least \$3.56 billion. Individual giving would increase by at least 4.1 percent to \$265.29 billion.

While *Giving USA* largely relies on paid gifts reported on the *Chronicle of Philanthropy's* Philanthropy 50,¹⁰ analysis of the Million Dollar List is revealing in identifying trends in giving of very large gifts. The MDL reveals that, increasingly, fewer large gifts are being made from year to year but the gifts are getting larger.¹¹ Between 2009 and 2014,¹² the number of publically announced gifts of million-dollar-and-up gifts declined by 31 percent. During the same period, the total dollar amount rose 20 percent and the average gift amount rose from \$8.13 million to \$14.06 million.

¹⁰ *Giving USA* also annually reviews CAE's list of large gifts given to higher education.

¹¹ Gift analysis includes the months of January through November, 2009-2014. December was omitted because data is not yet available for December 2014. Million Dollar List data is collected by the IU Lilly Family School of Philanthropy and includes only publically announced gifts of \$1 million or more. Announcements of gifts may differ from the actual date (including the year) in which the gift was made. www.milliondollarlist.org

¹² This is the latest data available

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Mega-bequests counted in the giving by bequest total for 2015 and prior years¹³

This year the threshold for incorporating a mega-bequest was \$300 million. This is the amount that, if included in total giving for 2015, changes the overall rounded rate of change in total giving by about 1/10 of one percentage point. The School takes a conservative approach to including mega-gifts of any kind. This year, we only included what was reported to be paid. The three mega-bequests included this year are (total \$1.657 billion):

- \$758,866,026 (\$0.759B) from the estate of Richard Mellon Scaife to Allegheny Foundation (\$369.4 million), Sarah Scaife Foundation (\$369.4 million), other groups (\$20 million).
- \$605,000,000 (\$0.605B) from the estate of John Santikos to the John L. Santikos Charitable Foundation at San Antonio Area Foundation.
- \$293,000,000 (\$0.293B) from the estate of William Scheide to Princeton University.¹⁴

For 2011, we include a conservative figure for mega-bequests included in reports from 2012 and 2013:¹⁵ \$2.5 billion from the estate of Margaret Cargill to support the Margaret A. Cargill Foundation and the Anne Ray Charitable Trust.

We also included a conservative amount for mega-bequests for 2010:¹⁶ \$272 million from Frank Doble and \$160 million from Ric Weiland.

How Have \$100 Million-Plus Gifts Affected Giving Over the Last Several Years?

Table 2
\$100 Million Gifts or Greater, Publicly Reported

Year Gifts Were Reported	Total	Number	Average	Note	Percentage of Total Giving
2016	\$1,560,000,000	9	\$173M		
2015	\$3,320,000,000	18	\$179M		0.9%
2014	\$4,710,000,000	19	\$248M		1.3%

¹³ Source: The Philanthropy 50, 2012-2015, retrieved March 2016, philanthropy.com

¹⁴ One report notes that this gift is \$300M, another reports \$293M. We accepted this gift as a mega-gift, but took the more conservative figure.

¹⁵ *Giving USA* added mega-bequest estimates for the years 2010 and 2011 because IRS data for the years 2010 and 2011 are lacking for filed estates due to the estate tax repeal in 2010.

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2013	\$3,646,160,000	17	\$214M		1.1%
2012	\$1,896,180,000	10	\$190M	Without Warren Buffet's Gifts to Gates Foundation	0.6%
2012	\$4,980,000,000	13	\$383M	With Warren Buffet's Gifts to Gates Foundation	1.5%
2011	\$1,475,000,000	10	\$148M		0.5%
2010	\$817,000,000	7	\$117M		0.3%
2009	\$1,580,000,000	7	\$226M		0.6%
2008	\$12,617,000,000	14	\$901M		4.2%

Data were collected from *The Chronicle of Philanthropy's* Big Charitable Gifts report, May 2016, https://philanthropy.com/factfile/gifts/1?DonorDisplayName_cu=&Category=any&GiftRecipients_RecipOrgDateline_c=&GiftRecipients_RecipStateFull=any&GiftDonors_SourceWealth_cu=&GiftDonors_aStateFull=any&GiftYear=2016, as well as Philanthropy 50 data, https://philanthropy.com/interactives/philanthropy-50?cid=cpw_featuredata#id=browse_2015. Note that these gifts include paid gifts and pledges. These data are meant for demonstration purposes only. These data may or may not have been captured in *Giving USA* data depending on when the gifts were paid. In addition, these data include only publicly available data and are not comprehensive list.

In 2015, using data from *The Chronicle of Philanthropy's* Philanthropy 50 list, the vast majority of donations went to higher education and foundations. The year 2015 is representative of the typical pattern seen in the giving of very large gifts.

Recipient Subsector	Total Amount	Percentage of Total
Colleges and Universities	\$ 2,074,377,500	39.1%
Foundations	\$ 1,975,366,000	37.3%
Hospitals and Medical Centers	\$ 286,229,527	5.4%
Public affairs	\$ 205,599,943	3.9%
Human Services	\$ 184,039,542	3.5%
Donor-advised Funds	\$ 157,200,000	3.0%
Performing Arts	\$ 115,000,000	2.2%
Medical Research	\$ 103,000,000	1.9%
Education	\$ 70,000,000	1.3%
International Groups	\$ 41,029,624	0.8%
Schools	\$ 36,075,000	0.7%
Historic Preservation	\$ 15,370,000	0.3%
Children and Youth	\$ 4,000,000	0.1%

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Religious Groups	\$ 3,973,412	0.1%
Other Groups	\$ 27,500,000	0.5%
Sum	\$ 5,298,760,548	100%

Data were collected from *The Chronicle of Philanthropy's* Philanthropy 50 data, https://philanthropy.com/interactives/philanthropy-50?cid=cpw_featuredata#id=browse_2015. Note that these gifts include paid gifts and pledges. These data are meant for demonstration purposes only. These data may or may not have been captured in *Giving USA* data depending on when the gifts were paid. In addition, these data include only publicly available data and are not comprehensive list.

What role have tangible, appreciated assets played in mega-giving?

In 2015, we saw a strong trend of giving valuable appreciated assets—such as artwork or manuscripts—to arts/culture institutions and higher education. Several of these gifts broke *Giving USA's* \$300 million threshold of mega-gifts. **Table 3** details some of these non-cash gifts. A possible driver behind this giving trend is the spike in valuation of art in recent years. Average art returns have been very attractive, with some estimates placing them as high as 10 percent per annum.¹⁷ The United States held the majority value share in the global art market (43 percent) in 2015, according to TEFAF Maastricht's *Art Market Report*.¹⁸

In 2014, global art sales beat pre-recession highs for a total amount of approximately \$57.08 billion (€51 billion).¹⁹ This represented a 7 percent year-over-year increase, and was a record high for the market. Though the 2016 *TEFAF Art Market Report* noted the global art market experienced a revenue slump in 2015, the United States art market saw its highest-ever sales.²⁰ Sales in the U.S. art market rose 4 percent from 2014, for a total of \$27.3 billion in revenue. The report indicates that the majority of value in the market is dominated by high-net-worth individuals purchasing highly valuable works. Art valued at over \$1 million (the highest art asset class) grew nearly 400 percent over a 10-year period (2005–2015).

As the overall valuation of art increases, it now becomes more attractive for donors to contribute works of art as mega-gifts. These gifts of tangible assets also indicate that donors are thinking critically about all their asset classes as possible charitable contributions. Additionally, donors can avoid large tax liabilities by donating artwork or other collectibles, as these items are taxed

¹⁷ Arthur Korteweg and Roman Kräussl Patrick Verwijmeren, "Research: Is Art a Good Investment?," Insights by Stanford Business, October 21, 2013, www.gsb.stanford.edu

¹⁸ Eileen Kinsella, "What Does TEFAF 2016 Art Market Report Tell Us About The Global Art Trade?," *Artnet News*, March 9, 2016, www.news.artnet.com

¹⁹ "Global Art Sales in 2014 Break All Known Records," TEFAF Maastricht, March 11, 2015, <http://www.tefaf.com/DesktopDefault.aspx?tabid=15&pressrelease=16959&presslanguage>

²⁰ "US Art Market Reports Highest Ever Level of Sales While Overall Global Market Values Fall," TEFAF Maastricht, March 9, 2016, <http://www.tefaf.com/DesktopDefault.aspx?tabid=15&tabindex=14&pressrelease=18199&presslanguage=>

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at a higher rate than other long-term capital gains.²¹ Donors who give art and other tangible assets are able to receive an income tax charitable deduction, but the amount of the deduction is determined by a variety of different factors.²²

It should be noted that *The Chronicle of Philanthropy's* Philanthropy 50 index—which catalogues major private giving in the United States—does not include gifts of artwork in their tabulations.

Table 3
Gifts of appreciated assets to arts/culture institutions or higher education
 (valued at \$100 million or greater)

Year	Donor	Gift Type	Value	Recipient
2015 (announced 2014)	Harry W. and Mary Margaret Anderson and daughter, Mary Patricia Anderson ²³	Art collection	\$600 million (estimated)	Stanford University
2015	Stefan Edlis and Gael Neeson ²⁴	Art collection	\$400 million (estimated)	Art Institute of Chicago
2015	James W. and Frances G. McGlothlin ²⁵	Art collection	\$200 million	Virginia Museum of Fine Arts
2015	William Scheide ²⁶	Rare books, including a Gutenberg Bible	\$300 million	Princeton University

²¹ Kim Laughton, “Practicing Tax Smart Philanthropy With Appreciated Assets,” *Financial Advisor*, January 29, 2015, www.fa-mag.com

²² Tim Bresnahan, *Making Charitable Gifts of Art—A Primer for Donors*, Northern Trust, July 29, 2013, <https://www.northerntrust.com/documents/line-of-sight/wealth-management/making-charitable-gifts-art.pdf>

²³ Chris Rauber, “Stanford University sees huge bump in donations, tops nation in 2015 gifts,” *San Francisco Business Times*, January 26, 2016, www.bizjournals.com

²⁴ Steve Johnson, “Art Institute of Chicago gets its largest gift ever, including 9 Warhols,” *Chicago Tribune*, April 22, 2015, www.chicagotribune.com

²⁵ Katherine Calos, “VMFA announces gift of \$200 million in American art,” *Richmond Times-Dispatch*, October 16, 2015, www.richmond.com

²⁶ Chris Staiti, “Princeton Gets Gutenberg Bible in \$300 Million Books Gift,” *Bloomberg*, February 17, 2015, www.bloomberg.com

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2014	Frederic Hamilton ²⁷	Art collection	Over \$100 million (estimated)	Denver Art Museum
2014	Jerry Perenchio ²⁸	Art collection	\$500 million (estimated)	Los Angeles County Museum of Art

How are Giving Pledge donors currently shaping philanthropy?

The Giving Pledge is an initiative started by Bill Gates and Warren Buffet, in which participants promise to give away more than half of their fortunes during their lifetime or after death. Prominent members include billionaires and entrepreneurs such as Elon Musk, T. Boone Pickens, and Ted Turner.²⁹ Starting in 2010, the Giving Pledge now includes 143 of the world's wealthiest individuals and families.³⁰ Among them 25 reside outside of the United States. Giving Pledge participants are interested in a diverse range of areas and causes, but patterns do emerge. Consistent with findings of *Giving USA*, the primary areas of interest are health, human services, education, and arts & culture.

The 118 Giving Pledge households in the United States hold a total of \$482 billion in net worth. More than three quarters of those assets are held by 61 households living in four states (California, New York, Washington, and Nebraska). California has the highest number of pledgers (31), representing a combined net worth of more than \$183 billion.

The age distribution of pledgers skews towards 65-79, with the median age of 69. At the age of 100, David Rockefeller is the oldest pledger in record, while Cari Tuna is the youngest at the age of 29.

The professional background of pledgers reveals more than half of them profited from financial services and high-technology businesses. There is also great diversity in the types of businesses participants have pursued and accumulated their wealth, including industrial manufacturing, energy and mining, retail manufacturing and sales, and entertainment & news media.

²⁷ Ange-Aimée Woods, "Denver Art Museum Announces Largest Gift Ever," *Colorado Public Radio*, January 13, 2014, www.cpr.org

²⁸ Eliana Dockterman, "L.A. Museum Gets \$500 Million Worth of Art by Monet, Picasso, Others," *Time*, November 6, 2014, www.time.com

²⁹ "Current Pledgers," The Giving Pledge, retrieved May 2016, www.givingpledge.org

³⁰ "Eye on the Giving Pledge: A Closer Look," Glasspockets, Foundation Center, retrieved May 2016, www.glasspockets.org

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It should be emphasized that the Giving Pledge is not a legally binding obligation to disburse funds—it is rather a way to publicly commit to philanthropic activities and to encourage other high-net-worth individuals to give money to charitable causes.

Many of the Giving Pledge participants are already engaged in philanthropy through giving to their own foundations. Given the interest levels of the participants, giving to causes typically favored by high-net-worth individuals could rise in the coming years, although it is hard to say whether or not the participants would have given away this money if they had not signed the Giving Pledge. We could also see giving to foundations rise, as many participants may elect to donate money to their own foundations. As of now, there is no tracking by the Giving Pledge on how much pledgers have dispersed in charitable contributions.

KEY ECONOMIC INDICATORS THAT AFFECTED GIVING BY SOURCE TYPE

In current dollars, individual giving changed by:

- 2.8% in 2011
- 14.2% in 2012
- -0.8 in 2013
- 5.1% in 2014
- 3.8% in 2015

Individual giving: Personal consumption expenditures

Personal consumption is a strong indicator of how much households are spending on charitable giving now and how much they will spend in the future. Between 2014 and 2015, personal consumption expenditures rose 3.4 percent. Compared with the change from 2013 to 2014 (+4.2 percent), this growth is slightly lower. (Percentage changes are in inflation-adjusted dollars, \$100 = 2005)

Individual giving: S&P 500

The Standard & Poor's 500 Index declined by 0.7 percent, compared with an increase of 11.4 percent in 2014 and 29.6 percent in 2013 (in current dollars).

In current dollars, corporate giving changed by:

- | | |
|-----------------|-----------------|
| • -1.5% in 2011 | • 12.0% in 2014 |
| • 10.5% in 2012 | • 3.9% in 2015 |
| • -7.9% in 2013 | |

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Corporate giving: Corporate pre-tax profits

Corporate profits before taxes increased by 3.3 percent (in current dollars) in 2015. This is compared with an increase in corporate pre-tax profits in 2014 (+2.1 percent) and 2013 (+1.4 percent).

Corporate giving: Gross Domestic Product

Changes in GDP form a part of the climate for corporate giving, in particular. In 2015, GDP rose by 3.5 percent. This is compared with an increase of 4.1 percent in 2014 and 3.1 percent in 2013.

ECONOMIC FACTORS AFFECTING HOUSEHOLD DECISIONS CONCERNING FINANCES IN 2015

While the following factors are not used in *Giving USA*'s model for estimating charitable giving by source, they do influence household decision making concerning finances, including how they spend their money.

Personal income

Personal income grew 3.7 percent (in current dollars) from the end of 2014 to the end of 2015. This is the same rate of change in personal income as compared with 2013 to 2014. However, for giving, changes in *disposable* personal income matter more than changes in personal income (see below).

Disposable personal income

Gifts are made from after-tax income, which is called "disposable personal income." In 2015, disposable personal income increased 3.7 percent (in current dollars) from 2014. Individual giving was 2.0 percent of disposable personal income for the years 2012 to 2015. The highest ratio of individual giving to disposable personal income was 2.4 percent realized in 2000.

Consumer confidence

While this measure has not been linked with changes in household giving, it is still an important component of people's expectations about the future. There are two measures of consumer confidence: The Consumer Confidence Index issued monthly by The Conference Board and an Index of Consumer Sentiment from the University of Michigan.

The Consumer Confidence Index began the year 2015 at 103.8 (in January), which was its highest for the year. The index trended both upward and downward throughout the year, to as low as 91.0 in July.³¹ In December 2015, the index ended at 96.3. This was higher than the December 2014 index figure of 93.1.

³¹ http://future.aae.wisc.edu/data/monthly_values/by_area/998?area=US

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The Index of Consumer Sentiment from the University of Michigan began the year 2015 at about 98, trending down to the low-to-high 90s until September, when it dropped to 87.³² The year 2015 ended with the index at about 93, slightly below its December 2014 level at nearly 94.

QUESTIONS ABOUT SPECIFIC SOURCES OF GIVING

INDIVIDUAL GIVING

How is individual giving estimated?

Giving USA develops an estimate for giving by individuals who itemize and an estimate for individuals who do not itemize, thus capturing a nationally representative picture of charitable giving by *all* households in the United States.

For estimating individual giving for those who itemized in 2014 and 2015, the model includes a variable for the inflation-adjusted change in personal consumption, as well as variables for the inflation-adjusted changes in the S&P 500 Index from the previous year (based on the last trading day), lagged giving, and the tax price, along with preliminary data on IRS contributions received from individuals for the year 2014. Through 2009, personal income was used as one of the variables; for the time period of the Great Recession and thereafter, personal consumption was found to be a better overall indicator of giving.

For estimating individual giving for those who do not itemize, as has been done for the past decade, *Giving USA* develops an estimate using Philanthropy Panel Study (PPS) data, which is based on the responses of more than 9,000 American households on their charitable giving behaviors.

Giving by individuals has been steadily growing in the last couple years, but why isn't it growing more quickly?

In the last five years, the average year-to-year change in individual giving was 5.0 percent (3.3 percent adjusted for inflation). Giving by individuals in 2012 is largely responsible for this increase, as it rose 14.2 percent (11.9 percent adjusted for inflation).

Individual giving reflects

- changes in income and changes in assets (measured through the stock market);
- recent patterns of giving as tracked in the amounts claimed for charitable deductions on income-tax returns;
- changing attitudes toward financial security, with less financially secure households less likely to give.

³² <http://www.tradingeconomics.com/united-states/consumer-confidence>

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All of these factors have come into play in the last few years and explain the ups and downs seen in the estimates for giving by individuals.

In 2014 (last year of data available), real (inflation adjusted) median household income was \$53,657, growing 1.04% over 2013.³³ The three-year change in median income between 2011 and 2014 was just 0.93 percent. These rates followed an average rate of decline of 2.1 percent in the years 2008 to 2011. Real median household income in 2014 was nearly 4.3 percent less than it was in 2005. By comparison, real per capita income rose 1.1 percent between 2013 and 2014, following a decline of 4.0 percent in 2013 and three years at no change.³⁴

- Immediately after the Great Recession, household incomes saw slow economic recovery, according to wealth specialist Emmanuel Saez of the University of California at Berkeley.³⁵ Dr. Saez reported, however, that households in the top one percent of the income distribution saw their income rise comparatively quickly. About 36 percent of charitable giving is from the top 3 percent of households by income. For the rest of the donors (64 percent), income growth was much slower, and adjusting for inflation, had actually been on the decline for many households.
- Home equity also affects giving, as reported by researchers Chau Do and Irina Paley, both with the U.S. Department of the Treasury. Drs. Do and Paley found that the high level of giving in the mid-2000s was supported, in part, by the high levels of home equity people accrued during the housing bubble.³⁶ With that source of wealth reduced and even eliminated in recent years, people have likely re-calibrated their giving to reflect more liquid assets. This was especially true during and immediately following the recession.
- We know from studies such as PPS that people in certain age cohorts give more and have done so throughout their lives.³⁷ However, as people born before 1945 become less economically active, we see lower levels of giving from people in the generation most likely to give. Gen Xers have also reported feeling cash-strapped in recent years and

³³ <http://www.deptofnumbers.com/income/us/>; <http://www.census.gov/hhes/www/income/income.html>

³⁴ <http://www.census.gov/hhes/www/income/data/historical/people/>

³⁵ Emmanuel Saez, "Striking it Richer: The Evolution of Top Incomes in the United States," Online Report, University of California-Berkeley, January 23, 2013, <http://emlab.berkeley.edu/~saez/saez-UStopincomes-2011.pdf>

³⁶ Chau Do and Irina Paley, "Altruism From the House: The Impact of Home Equity on Charitable Giving," *Review of Economics of the Household*, 2012, 10 (30) 375-393.

³⁷ Richard Steinberg and Mark Wilhelm, "Tracking Giving Across Generations," *New Directions in Philanthropic Fundraising*, Issue 42, 2012, 71-83; M. O. Wilhelm, P.M. Rooney, and E.R. Tempel, "Changes in Religious Giving Reflect Changes in Involvement: Age and Cohort Effects in Religious Giving, Secular Giving, and Attendance," *Journal for the Scientific Study of Religion*, 2007, 46 (2), 217-232.

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have lost a significant share of their net worth, according to a May 2013 report released by Pew Charitable Trusts.³⁸

- Millennials, who often are reported to be of a “giving spirit” have not yet hit their highest earning years (typically ages 35 to 65). The oldest Millennials may not be earning what Boomers did at similar ages because so many entered the job market during the Great Recession.³⁹ In addition, some Boomers entering retirement age may be giving less than they had during their highest earning years.

This all being said, the sustained positive economic environment is likely having a positive effect on the largest proportion of U.S. households in the last couple of years. **See Appendix A for those economic factors likely to be positively affecting U.S. households.**

What percentage of all U.S. households are high-net-worth households? How are high-net-worth households defined?

There are different ways of defining “high-net-worth household.” The Indiana University Lilly Family School of Philanthropy in its *Bank of America Studies of High Net Worth Philanthropy* defines a high-net-worth household as one that earns more than \$200,000 in annual income, and/or has net worth of more than \$1 million, not including a household’s primary residence.

According to the Census Bureau, the top 20 percent of U.S. households received 51.2 percent of U.S. income in 2014.⁴⁰ The top 40 percent took in 84.4 percent of U.S. income. That year, the top 5 percent of U.S. households alone took in 21.9 percent of U.S. income.

By comparison, in 1994, the top 20 percent of U.S. households received 49.1 percent of U.S. income. The top 40 percent took in 72.5 percent of U.S. income.⁴¹ That year, the top 5 percent of U.S. households alone took in 21.2 percent of U.S. income.

According to the Census Bureau, in 2014 there were 7.01 million U.S. households with income greater than \$200,000, which translates into 5.6 percent of the population.⁴² Between 2004 and 2014, households with more than \$200,000 in annual income grew from 4.8 percent of all

³⁸ *Retirement Security Across the Generations: Are Americans Prepared for their Golden Years?*, Pew Charitable Trusts, May 16, 2013, www.pewstates.org

³⁹ Annie Lowery, “Do Millennials Stand a Chance in the Real World,” *The New York Times*, March 26, 2013, www.nytimes.com

⁴⁰ <http://www.census.gov/hhes/www/income/data/historical/index.html>

⁴¹ <http://www.census.gov/hhes/www/income/data/historical/index.html>

⁴² <http://www.census.gov/hhes/www/cpstables/032015/hhinc/toc.htm>

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households to 5.6 percent of all households. In 1975, these households comprised 1.1 percent of the U.S. household population.⁴³

In 2014, real (inflation adjusted) median household income was \$53,657, growing 1.04% over 2013.⁴⁴ Between 2003 and 2013, households with less than \$35,000 in annual income grew 16 percent. Between 1973 and 2013, the percentage of these households grew 21 percent.⁴⁵

What percentage of individual giving comes from high-net-worth households?

Using the definition of high-net-worth household noted in the previous question, the Indiana University Lilly Family School of Philanthropy estimates that, *on average*, about 50 percent of total annual giving comes from high-net-worth households. In some years, this figure could be as much as two-thirds, and in other years it could be lower.

We know that in 2013, the latest year of final IRS data with this information, households with income greater than \$200,000 filed 4.8 million tax returns (13.2 percent of total filings) that included *itemized* cash deductions for charitable contributions.⁴⁶ The total amount in cash contributions claimed that year by these individuals was \$63.0 billion, or 13.9 percent of total cash giving by individuals that year. These individuals claimed \$31.76 billion in non-cash contributions (2.9 million filings or 61.6 percent of the total non-cash contributions claimed). As a percentage of all itemized contributions claimed, households with income greater than \$200,000 contributed 46.7 percent of the total. Note: Individual giving estimates include both itemized and non-itemized contributions – use this data with caution.

How did mega-giving affect individual giving estimates in 2015? Who gave these gifts? How are mega-gifts determined?

Giving USA adds additional estimates for contributions given by donor type or to particular subsectors if the amounts are large enough to affect the rate of change in total giving by about one rounded percentage point.

Gifts of this magnitude are called “mega-gifts.” In 2015, mega-gifts were those that were determined to likely have been paid in 2015 and at least \$300 million. Specific mega-gifts are listed in a table in the “Overall Questions” section of this document.

⁴³ <http://www.census.gov/content/dam/Census/library/publications/2015/demo/p60-252.pdf>

⁴⁴ <http://www.deptofnumbers.com/income/us/>; <http://www.census.gov/hhes/www/income/income.html>

⁴⁵ Table H-17, <http://www.census.gov/hhes/www/income/data/historical/household/>

⁴⁶ Information gathered from www.irs.gov/taxstats

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Why is individual giving a smaller share of the total sources pie than it used to be?

When dividing total giving by source in five-year spans, giving by individuals has declined from 84 percent of total giving in the five-year period ending in 1980 to 72 percent of total giving in the five-year period ending in 2015—a 12 percentage-point decline.⁴⁷

The decline in giving by individuals appears to have been offset by the increase in grantmaking by foundations in the last 40 years. The share of total giving by foundations rose from 6 percent of total giving in the five-year period ending in 1980 to 15 percent of total giving in the five-year period ending in 2015.

The shares of giving by corporations and bequests have remained relatively consistent over the last four decades. Giving by corporations has comprised between 4 percent and 6 percent of total giving in the last 40 years, while giving by bequest has comprised between 6 percent and 9 percent of the total.

What is the average amount that U.S. households or individuals give to charity each year?

It is estimated that in 2015, per capita giving by U.S. adults ages 18 and older averaged \$1,101 and that giving by U.S. households averaged \$2,124⁴⁸ (Here we divide the “giving by individuals” estimate by the Census figure estimate for total U.S. adults and total U.S. households). These are simplistic estimates, simply dividing total contributions from individuals and dividing by the number of individuals ages 18 and above and then the number of U.S. households.

Between 2009 and 2014, per capita giving increased by 13 percent and average household giving increased by 12 percent.⁴⁹

While the figures above are more general, most recent PPS data indicate that 60 percent of all U.S. households made a charitable contribution in 2012. Translating the 60 percent figure to the

⁴⁷All data in this section are reported as estimates, which are subject to revision. The estimates for total charitable giving for the years 2013 and 2014 were revised in this edition from estimates reported in *Giving USA 2015*. To provide the most accurate estimates for charitable giving, as new data become available, *Giving USA* revises its estimates for at least the last two years. See more about how *Giving USA* calculates charitable giving by sources and uses in the “Brief summary of methods used” section of this report.

⁴⁸ Estimates derived by dividing the giving by individuals total in 2015 by the estimated number of households and U.S. adults in 2015. *Giving USA* used 2015 Census data. Data collected from the U.S. Census, retrieved May 2016, <http://www.census.gov/hhes/families/data/cps.html>

⁴⁹ Estimates derived by dividing the giving by individuals total in 2015 by the estimated number of households and U.S. adults in 2015. *Giving USA* used 2015 Census data. Data collected from the U.S. Census, retrieved May 2016, <http://www.census.gov/hhes/families/data/cps.html>

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number of existing households in 2015, the average charitable contribution for U.S. households is \$3,539.

Is the number of people who give on the decline? Or, is it on the rebound?

Based on PPS, the number of American households who gave was 59.7 percent in 2012 and 62.5 percent in 2010.⁵⁰ These are lower figures than the 70 percent reported in the year 2002 and 66-67 percent reported in the years 2004, 2006, and 2008.

The fraction of high net worth households who give remains high at over 98 percent (in 2013), based on *the 2014 Bank of American High Net Worth Philanthropy Study* conducted by the Indiana University Lilly Family School of Philanthropy (this is an increase from the 95 percent of wealthy households that reported giving in 2011).⁵¹

How did donor retention affect giving in 2015?

Giving USA does not analyze donor retention as part of the creation of its estimates. However, *Giving USA* does note the following study from *2016 Fundraising Effectiveness Survey Report* and other studies:

Donor retention remained flat between 2014 and 2015 at 46 percent, and gift retention also remained flat at 48 percent.⁵² According to the *Fundraising Effectiveness Survey*, 37 percent of revenue gain in 2015 was derived from upgraded donors, according to the sample of nonprofits that contributed data. For every 100 new donors that nonprofits acquired, 96 previous donors were lost.

CORPORATE GIVING

Explain the recent volatility in corporate giving, why have there been so many declines and increases?

Corporations give from pre-tax profits. Corporations generally determine that they will give a certain percentage in good times and a lean percentage in economically difficult times. Corporate pre-tax profits rose 2.1 percent in 2014 and 3.3 percent in 2015, following a 17.9 percent increase in 2012 and a 1.5 percent increase in 2013 (all in current dollars).

⁵⁰ This information is based on Philanthropy Panel Study data, housed at the IU Lilly Family School of Philanthropy.

⁵¹ This information is based on the *Study of High Net Worth Philanthropy*, 2012 and 2014 editions, U.S. Trust/Bank of America, written and researched by the IU Lilly Family School of Philanthropy

⁵² *2016 Fundraising Effectiveness Survey Report*, Association of Fundraising Professionals, Urban Institute, March 19, 2016, <http://www.afpnet.org/files/ContentDocuments/FEP2016FinalReport.pdf>

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For the year 2013, specifically, *Giving USA* noted that corporations appeared to be giving more directly overseas than to U.S.-based nonprofits. This may be an increasing trend, given that many companies now have operations in non-U.S. locales. More research is needed. In 2014, charitable giving by corporations recovered and increased an estimated 12.0 percent over 2013. Giving by corporations also increased in 2015 by 3.9 percent. The estimate for corporate giving in 2015 also includes an estimate for disaster giving in support of the Nepalese earthquake. Corporate giving to disaster relief is typically strong.

Historically, there has been a one- to two-year lag between trends in corporate profits and trends in corporate giving. However, some corporations may be giving in response to real-time profits and expenses. Moreover, some companies and sectors may be particularly sensitive to business-cycle effects.

How much have corporations been giving as a percentage of their profits?

In the last 10 years, giving by corporations as a percentage of corporate pre-tax profits averaged 0.8 percent. In the last 40 years, the highest 10-year period of corporate giving as a percentage of corporate pre-tax profits was in the years 1985 to 1994, when it averaged 1.4 percent.

This year, corporate pre-tax profits rose by 3.3 percent (in current dollars). Corporate giving rose correspondingly, at a rate of 3.9 percent. Corporate giving as a percentage of corporate pre-tax profits was 0.8 percent.

How does Giving USA data for giving by corporations compare with CECP's data?

In its annual *Giving in Numbers* survey for the year 2016, CECP (formerly, the Committee Encouraging Corporate Philanthropy) estimates that giving by a matched sample of the U.S.' largest corporations (n=211) increased for 47 percent of these companies.⁵³ Among these companies, 18 percent increased their total giving by 25 percent or more. Following a similar pattern to last year, the communications industry drove the largest change, with 44 percent of these companies expanding giving. The communications industry accounted

⁵³ Each year, CECP, in association with The Conference Board, presents an in-depth analysis of the results of an annual survey of corporate giving trends in the publication *Giving in Numbers*, released free-of-charge to the public each fall. The report answers pressing questions reported by 272 companies about the state of their corporate giving, rates of giving internationally, employee engagement, program management, and more. *Giving in Numbers* survey, CECP, in association with The Conference Board, 2016, www.cecp.co. Note that not all companies answered all questions. Also note that some of the data refer only to a matched set of companies that have participated in the survey in each year from 2013 to 2015, per the identified sample sizes in the references. Caution should be used in comparing results between Giving USA and CECP because CECP's study is focused on businesses with more than \$2 billion in annual revenue, while *Giving USA* includes businesses of all sizes. In addition, CECP's sample is global, while *Giving USA* focuses solely on companies based in the United States.

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for nearly half of the aggregate increase in giving between 2013 and 2015. Companies that accounted for a larger portion of the aggregate decrease were the energy industry (35 percent) and the healthcare industry (30 percent).

Cash giving continued to represent the majority of corporate contributions in the years 2013 to 2015. Cash giving comprised an average of 83 percent of aggregated giving in 2015 for these companies, an increase from previous years.⁵⁴ Although non-cash giving accounted for a smaller average proportion of companies' total giving, at 17 percent in 2015, the majority of companies made non-cash contributions.⁵⁵ In all, 61 percent of companies reported a value for non-cash contributions.

In general, there are many different reasons why companies increase or decrease contributions from year to year.⁵⁶ These changes can be driven by strategies and decisions internal to the company, as well as external forces like fluctuations in the economy or customer demands. Corporate respondents to the 2016 *Giving in Numbers* survey cited numerous factors for changes in corporate giving in 2015, compared with 2014.

⁵⁴ Each year, CECP, in association with The Conference Board, presents an in-depth analysis of the results of an annual survey of corporate giving trends in the publication *Giving in Numbers*, released free-of-charge to the public each fall. The report answers pressing questions reported by 272 companies about the state of their corporate giving, rates of giving internationally, employee engagement, program management, and more. Giving in Numbers survey, CECP, in association with The Conference Board, 2016, www.cecp.co. Note that not all companies answered all questions. Also note that some of the data refer only to a matched set of companies that have participated in the survey in each year from 2013 to 2015, per the identified sample sizes in the references. Caution should be used in comparing results between Giving USA and CECP because CECP's study is focused on businesses with more than \$2 billion in annual revenue, while *Giving USA* includes businesses of all sizes. In addition, CECP's sample is global, while Giving USA focuses solely on companies based in the United States.

These data include a matched set of 211 companies that responded to the *Giving in Numbers* Survey each year from 2013 to 2015. Aggregates are in inflation-adjusted dollars. Percentage of cash and non-cash giving represent average percentages.

⁵⁵ CECP, in association with The Conference Board, collects total contribution data in three giving types disbursed during the 12 months of the survey year: Direct Cash includes cash giving from corporate headquarters or regional offices; Foundation Cash includes cash giving from the corporation foundation; and Non-Cash includes product donations, pro bono service, and other non-cash contributions (e.g., computers, office supplies, etc.) assessed at Fair Market Value.

⁵⁶ Each year, CECP, in association with The Conference Board, presents an in-depth analysis of the results of an annual survey of corporate giving trends in the publication *Giving in Numbers*, released free-of-charge to the public each fall. The report answers pressing questions reported by 272 companies about the state of their corporate giving, rates of giving internationally, employee engagement, program management, and more. Giving in Numbers survey, CECP, in association with The Conference Board, 2016, www.cecp.co. Note that not all companies answered all questions. Also note that some of the data refer only to a matched set of companies that have participated in the survey in each year from 2013 to 2015, per the identified sample sizes in the references. Caution should be used in comparing results between Giving USA and CECP because CECP's study is focused on businesses with more than \$2 billion in annual revenue, while Giving USA includes businesses of all sizes. In addition, CECP's sample is global, while Giving USA focuses solely on companies based in the United States.

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Most commonly cited reasons for decreases were:

- Changes in the business, such as declining business performance for companies with philanthropic budgets tied to financial results;
- Decline in employee engagement programs, such as decreased participation in matching gifts or skills-based volunteering; and
- Strategic review of societal investment areas.

Most commonly cited reasons for increases were:

- Increases in employee engagement programs, such as increased participation in matching gifts or skills-based volunteering;
- Improved tracking and measurement capabilities of corporate societal investments and activities;
- Increase in funding for foundation/CSR departments;
- Made the business decision of intentionally increasing giving; and
- Strategic review of societal investment areas.

[NOTE: Please cite CECP and not *Giving USA* when reporting or presenting this information. Information from CECP provided to demonstrate trends in giving by the largest U.S. companies, whose giving patterns vary from the aggregate corporate giving amount that *Giving USA* estimates.]

What percentage of corporate giving is in-kind or non-cash?

Corporations also make use of in-kind gifts. CECP reported in May 2016 that, among its matched set of reporting companies (n=211), the average corporation in its sample gave 17 percent of its total budget in the form of non-cash contributions.⁵⁷ This was a decline from the 18 percent reported for the year 2014, 20 percent reported for the year 2013, and 19 percent reported for the year 2012 (among different reporting samples, however).

⁵⁷ Each year, CECP, in association with The Conference Board, presents an in-depth analysis of the results of an annual survey of corporate giving trends in the publication *Giving in Numbers*, released free-of-charge to the public each fall. The report answers pressing questions reported by 272 companies about the state of their corporate giving, rates of giving internationally, employee engagement, program management, and more. *Giving in Numbers* survey, CECP, in association with The Conference Board, 2016, www.cecp.co. Note that not all companies answered all questions. Also note that some of the data refer only to a matched set of companies that have participated in the survey in each year from 2013 to 2015, per the identified sample sizes in the references. Caution should be used in comparing results between *Giving USA* and CECP because CECP's study is focused on businesses with more than \$2 billion in annual revenue, while *Giving USA* includes businesses of all sizes. In addition, CECP's sample is global, while *Giving USA* focuses solely on companies based in the United States.

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Is corporate giving driven by in-kind giving and pharmaceutical giving? What share of corporate giving is from pharma?

Giving USA does not estimate specific types of in-kind giving by corporations as part of its estimates. However, as a proportion of all giving, *Giving USA* believes this type of giving continues to be strong. *Giving USA*'s analysis reveals that in-kind pharmaceutical giving through Patient Assistance Programs (gifts that go directly to individuals) amounted to \$6.56 billion in 2015, or 36 percent of all corporate giving. This is a very conservative estimate for pharmaceutical contributions and is similar to trends seen in prior years.

What is the difference in Giving USA's and CECP's reporting on corporate giving?

The key difference between *Giving USA*'s and CECP's estimates for giving by corporations is that *Giving USA* uses an econometric model for estimating aggregate (or national) corporate giving, while CECP relies on a survey of approximately 258 (with a matched sample of 211) of the largest U.S. corporations (in 2015). *Giving USA*'s data represents the total picture of U.S. corporate giving, while CECP data is not representative of all corporations or the overall trend in corporate giving for the years reviewed. The value of CECP data is that it provides important context of the trends of corporate giving for the largest U.S. companies who give the largest proportion of all charitable dollars in the U.S. It is important to note, however, that CECP also includes giving to overseas organizations, while *Giving USA* does not.

For estimating corporate giving in 2015, *Giving USA* used final IRS data about contributions itemized by corporations from years prior to 2014. The *Giving USA* estimate for giving by corporations is based on a projection that incorporates historical trends in corporate itemized giving and changes in Gross Domestic Product (GDP), corporate pre-tax profits, the Consumer Price Index, and the corporate tax rate.

How is corporate giving related to giving to international affairs in recent years?

Giving USA does not provide statistics on where corporate charitable dollars go by recipient. However, it appears that corporations are influencing international affairs giving in recent years—more so than in years past.

A source from the Urban Institute's National Center on Charitable Statistics (NCCS) notes that an increasing number of international gifts appear to be directed to overseas organizations. These gifts may be offsetting gifts made to U.S.-based international organizations. Indeed, disaster giving data collected by the Indiana University Lilly Family School of Philanthropy reveal that gifts by corporations made directly to overseas organizations, as compared with U.S.-based organizations, have become more prominent in recent years for disaster relief efforts outside of the United States.

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In addition, Indiana University Lilly Family School of Philanthropy's 2013 *Giving Beyond Borders* report notes that while corporations are most likely to give to nonprofits with U.S. ties (93 percent), nearly two-thirds give directly to foreign-based nonprofits.⁵⁸

This pattern of giving to overseas organizations also reflects corporations' increased presence in international communities. The 2013 edition of *Giving in Numbers* by CECP reveals that more than seven in ten large corporations gave to internationally-based organizations in 2012 (whether from U.S.-based or foreign-based companies to U.S.-based or foreign nonprofits).⁵⁹ According to CECP's 2015 *Corporate Giving Standard*, 21 percent of median corporate giving was allocated toward international recipients.⁶⁰ In addition, CECP reported that 65 percent of all surveyed companies gave internationally in 2015.

[NOTE: Please cite CECP and not *Giving USA* when reporting or presenting this information.]

Are sponsorships included in Giving USA's estimates for giving by corporations?

Because corporations receive some type of benefit from corporate sponsorships (mostly in the form of advertising), amounts spent on sponsorships cannot be considered charitable contributions and are not included in *Giving USA*'s estimates.

BEQUEST GIVING

What drove giving by bequest in 2015?

Bequest giving tends to fluctuate year to year, largely due to very large gifts made in some years and not in others. In 2015, these mega-bequests totaled \$1.657 billion, a growth rate of 17.5 percent. The *Giving USA* threshold for mega-bequests was \$300 million in 2015. But these mega-bequests only tell us about the largest of the large gifts. It is typical for bequest giving to be significantly impacted in one year by a handful of large gifts. Declines seen in the following year typically reflect the difference between the current level and the high level seen in the prior year.

The rise in giving by bequest in 2015 largely reflects:

- an estimated percentage change of 2.6 percent in bequest giving from estates with assets greater than \$5.43 million that filed estate taxes in 2015 compared with 2014;

⁵⁸ *Giving Beyond Borders: A Study of Global Giving by U.S. Corporations*, Indiana University Lilly Family School of Philanthropy, sponsored by Global Impact, October 2013, www.philanthropy.iupui.edu

⁵⁹ *Giving in Numbers: 2013 Edition*, Committee Encouraging Corporate Philanthropy (CECP), in association with The Conference Board, 2013, www.cecp.co/pdfs/giving_in_numbers/GIN2013_Web_Final.pdf; Note that *Giving USA* terms these organizations as "overseas" recipients.

⁶⁰ http://cecp.co/pdfs/giving_in_numbers/GIN2015_FINAL_web.pdf

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- an estimated percentage change of -6.5 percent in bequest giving from estates with assets between \$1 million and \$5 million; and
- an estimated percentage change of 11.0 percent in bequest giving from estates with assets less than \$1 million.

There has been no measured dramatic change in the percentage of people who give by bequest (around 5 percent) in recent years. The amount that decedents leave in charitable bequests reflects, at least in part, estate values, which include wealth from homes, investments, and sometimes other types of property.

What are the largest mega-bequests in this year's report/estimates? Were there some unusually large bequests that closed in 2015? Can you give some examples?

This year, the threshold for incorporating a mega-bequest was \$300 million, increased from \$200 million the prior year. This is the amount that, if included in total giving for 2015, changes the overall rounded rate of change in total giving by about one percentage point. The School takes a conservative approach to including mega-gifts of any kind. This year, we only included what was reported to be paid. The three mega-bequests included this year are:

- \$758.87 million from the estate of Richard Mellon Scaife to Allegheny Foundation (\$369.4 million), Sarah Scaife Foundation (\$369.4 million), and other groups (\$20 million).
- \$605 million from the estate of John Santikos to the John L. Santikos Charitable Foundation at San Antonio Area Foundation.
- \$293 million from the estate of William Scheide to Princeton University.⁶¹

FOUNDATION GIVING

What types of foundation giving are included in this estimate? And, how did giving by these foundations change in 2015?

Grantmaking by independent, community, and operating foundations increased 6.5 percent from 2014—to an estimated \$58.46 billion in 2015—according to figures provided by the Foundation Center. Adjusted for inflation, giving by foundations increased 6.3 percent in 2015.⁶²

Giving grew by all three types of foundations included in the estimate for 2015:

⁶¹ One report notes that this gift is \$300M, another reports \$293M. We accepted this gift as a mega-gift, but took the more conservative figure.

⁶² Data were provided by the Foundation Center in May 2016 and are subject to revision. Data on giving by and to foundations is available in the Foundation Center's *Key Facts on U.S. Foundations* reports, available at the Foundation Center's website at www.foundationcenter.org

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- Giving by independent foundations increased 6.0 percent;
- Giving by operating foundations increased 8.1 percent; and
- Giving by community foundations increased 7.4 percent.

Independent foundations provided the vast majority of grantmaking in both 2015 and 2014, at 75 percent and 74 percent, respectively. Operating foundations granted 13 percent, and community foundations granted 12 percent in 2015.

What is the difference between operating and independent foundations? How do you define what a community foundation is?

An operating foundation is a type of private foundation established to serve a particular purpose in the form of programming, services, or research.

An independent foundation—the most common type—receives funds from either one primary source or multiple sources and is also a type of private foundation. This type of foundation makes grants or contributions to other nonprofits according to its mission, which can be very specific or very broad.

Family foundations are independent foundations. *Giving USA* estimates that, on average, giving by family foundations comprises 64 percent of giving by independent foundations each year. For 2015, this amount was \$27.97 billion, or 47.8 percent of total giving by all foundations included in the foundation giving estimate.⁶³

Community foundations are a type of public foundation that serves the interest of a particular geographic area. These types of foundations may or may not have programs and services, but do make grants and donations to serve community purposes to other nonprofits. Community foundations receive donations from many different sources.

What explains the growth in giving by foundations in 2015?

Giving USA's estimate for giving by foundations is based on data provided by the Foundation Center and includes grants made by independent, community, and operating foundations. Independent foundations are sometimes called private foundations and also represent family foundations. The estimate does not include giving by corporate foundations, which is provided in the "Giving by corporations" chapter.

⁶³ See the Foundation Center's *Key Facts on Family Foundations* reports at www.foundationcenter.org

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Total giving by independent, community, and operating foundations in 2015 is estimated to be \$58.46 billion.⁶⁴ The share of giving by each foundation type for 2015 is included in Figure 1. The share of total grantmaking by each foundation type in 2015 was roughly the same as in 2014, according to revised estimates issued by the Foundation Center. Independent foundations contributed the vast majority of grantmaking dollars in 2015, at 74.8 percent. Operating foundations granted 13.6 percent of the total in 2015, and community foundations granted 11.6 percent of the total in 2015.

Independent foundations increased their giving by an estimated 6 percent in 2015, to \$43.72 billion.⁶⁵ Overall, nearly three-fifths (57 percent) of independent foundations responding to the Foundation Center's *2015 Foundation Giving Forecast Survey* indicated that they had increased their giving.⁶⁶ Some factors contributing to the rise in funding was an 8 percent overall growth in independent foundation assets in the prior year. Part of this gain came from increases in the value of existing foundation assets as well as new gifts into foundations (up 9 percent). Independent foundations, including family foundations, account for the vast majority of foundation giving each year.

Community foundation giving grew 7.4 percent in 2015 over 2014, to \$6.8 billion.⁶⁷ Sixty-seven percent of community foundations responding to Foundation Center's *2015 Foundation Giving Forecast Survey* reported having increased their giving that year.⁶⁸ Community foundations benefited from an increase of roughly 8.0 percent in their assets in 2014 as well as a similar increase in gifts received. Among community foundations, the largest foundations reported faster growth while smaller community foundations reported more modest growth for 2015.

⁶⁴ Data were provided by the Foundation Center in April 2016 and are subject to revision. Data on giving by and to foundations is available in the Foundation Center's *Key Facts on U.S. Foundations* reports, available at the Foundation Center's website at www.foundationcenter.org. Note that *Giving USA* added a small portion of giving by independent foundations in the amount of \$13.12 million to reflect disaster giving amounts in support of Nepalese disaster-relief efforts in 2015. These data are subject to revision.

⁶⁵ Data were provided by the Foundation Center in April 2016 and are subject to revision. Data on giving by and to foundations is available in the Foundation Center's *Key Facts on U.S. Foundations* reports, available at the Foundation Center's website at www.foundationcenter.org. Note that *Giving USA* added a small portion of giving by independent foundations in the amount of \$13.12 million to reflect disaster giving amounts in support of Nepalese disaster-relief efforts in 2015. These data are subject to revision.

⁶⁶ This summary paragraph was written by the Foundation Center, May 2016.

⁶⁷ Data were provided by the Foundation Center in April 2016 and are subject to revision. Data on giving by and to foundations is available in the Foundation Center's *Key Facts on U.S. Foundations* reports, available at the Foundation Center's website at www.foundationcenter.org. Note that *Giving USA* added a small portion of giving by independent foundations in the amount of \$13.12 million to reflect disaster giving amounts in support of Nepalese disaster-relief efforts in 2015. These data are subject to revision.

⁶⁸ This summary paragraph was written by Foundation Center, May 2016.

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Operating foundations increased grantmaking by an estimated 8.1 percent in 2015, to \$7.95 billion. Grantmaking by these foundations improved in 2015, as compared with 2014, which saw a decline in operating foundation grantmaking of 2.0 percent.⁶⁹

QUESTIONS ABOUT SPECIFIC USES OF GIVING **(TYPES OF RECIPIENTS)**

Note that within *Giving USA 2016*, we use newly-released information from IRS Forms 990 through 2012 (the latest available information). Use of IRS Forms 990 applies to all charitable recipient subsectors with the exception of religion and foundations. With these data, prior year (to 2015) estimates are revised (2012, 2013, and 2014) to incorporate new information from the official source of knowledge about charitable contributions—the mandatory IRS returns. This information is provided by the National Center for Charitable Statistics (NCCS). The *Giving USA* estimates also include a component for organizations that are not required to file financial information because their total revenue is below \$50,000.

Are any of the subsectors faring better than others in terms of progress toward returning to or exceeding their all-time highs? Which ones?

All but four of the recipient categories have reached their pre-recession highs. These exceptions include: giving to health, public-society benefit, international affairs, and foundations. Health was estimated to have reached its high in last year's edition (for the year 2014) but has since been revised.

- Giving to religion is at its highest level, at \$119.30 billion (the next highest was \$116.30 billion in 2014).
- Giving to education is at its highest level, at \$57.48 billion (the next highest was \$52.83 billion in 2014).
- Giving to human services is at its highest level, at \$45.21 billion (the next highest was \$43.44 billion in 2014).
- Giving to health is at its second-highest level, at \$29.81 billion (the highest was \$30.09 billion in 2010).
- Giving to public-society benefit is at its second-highest level, at \$26.95 billion (the highest was \$27.23 billion in 2006).

⁶⁹ These figures are according to revised data reported by Foundation Center in April 2016.

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- Giving to arts is at its highest level, at \$17.07 billion (next highest was \$17.06 billion in 2007).
- Giving to international affairs is far from its highest level, at \$15.75 billion (the highest was \$22.64 billion in 2008).
- Giving to environmental and animals is at its highest level, at \$10.68 billion (the next highest was \$10.07 billion in 2014).
- Giving to foundations is at its third-highest level, at \$42.26 billion (the highest amounts were \$44.00 billion in 2014 and \$43.06 billion in 2013).

RELIGION

What's included in the giving to religion category?

Giving USA's tabulation of giving to the religion subsector includes giving to support religious congregations and houses of worship; the organizing or national offices of denominations and faith groups; missionary societies; religious media (including print and broadcast); and organizations formed for religious worship, fellowship, or evangelism. Contributions to faith-based organizations offering healthcare, education, or social services, as well as those working internationally, are not included in *Giving USA's* estimate for giving to religion. Rather, they are categorized within the other subsectors according to purpose.

In the past, the estimate for giving to religious organizations relied on data from the following sources:

- A baseline estimate from 1986 of \$50 billion in contributions to religious organizations that was developed separately by three different scholars.
- A percentage change in giving to religious organizations developed by summing contribution data released by the National Council of Churches of Christ in the U.S. (NCCC) and amounts reported by members of the Evangelical Council for Financial Accountability (ECFA).

NCCC stopped producing information about contributions to religious organizations in 2012. Like last year, we incorporated data from ECFA to build our estimate for religious giving for the current year. The methodology for calculating religious giving in years prior to 2014 involves:

- Adding contributions to religious organizations provided by ECFA for each filing year, including only those organizations that provided data for at least the last three consecutive years and including only those organizations that are coded under X by the IRS and NCCS.

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- Taking the percentage change between each year.

What is impacting giving to religion?

Giving to religion marked its fifth consecutive year of growth in 2015.⁷⁰ In the last five-year period (2011 to 2015), giving to this subsector experienced an average annual rate of growth of 4.1 percent—making it the third-slowest growing subsector out of nine. Giving to religion failed to outpace the five-year average rate of growth in total giving of 5.4 percent. However, the two-year (2014 and 2015) growth rate in giving to religion was an optimistic 8.0 percent.

Analyzing nationwide trends, a 2015 study by Rutherford Cd. Johnson (Pontifical Georgian College) revealed that giving to religious institutions following the Great Recession recovered more slowly than giving to most types of non-religious nonprofits.⁷¹ These findings are consistent with *Giving USA*'s analysis of charitable giving since 2008. These declining giving rates have impacted congregations' bottom lines. According to a *Faith Communities Today* report of randomly sampled congregations, the median budget of U.S. faith groups has declined almost 17 percent between the years 2010 and 2015, from \$150,000 to \$125,000.⁷²

Other reports issued in 2016 note generally positive trends in giving religious organizations in 2015. The results of these reports are provided throughout the rest of this opening narrative and chapter. Different methodological and sampling approaches account for the differences seen between these sources and *Giving USA* data. Some highlights from 2015 on giving this subsector include:

- Despite the longer term slow period of growth for religious organizations in recent years, nearly three-fourths (74 percent) of religious organizations responding to the National Research Collaborative's (NRC) *Winter 2016 Nonprofit Fundraising Survey* reported increases in 2015 giving.⁷³

⁷⁰ This information is in current dollars.

⁷¹ Rutherford Cd. Johnson, "Decline in Church Giving in the United States During the Recession: A Spatial Application of Choice Waves," *Journal of Behavioral Studies in Business*, February 2015, <http://www.aabri.com/manuscripts/142099.pdf>

⁷² David A. Roozen, "American Congregations 2015: Thriving and Surviving," *Faith Communities Today*, 2015, www.faithcommunitiestoday.org/sites/default/files/American-Congregations-2015.pdf, p. 8

⁷³ The Nonprofit Research Collaborative (NRC) annually conducts surveys on fundraising trends across the nonprofit sector. In 2016, this collaboration included Giving USA Foundation, the Association of Fundraising Professionals, CFRE International, Campbell Rinker, the Urban Institute's National Center for Charitable Statistics (NCCS), the Association of Philanthropic Counsel, and Partnership for Philanthropic Planning. In early 2016, the NRC launched a survey to assess fundraising trends for the entire 2015 calendar year. The survey asked nonprofit leaders of public charities and foundations to report on changes in charitable revenue received and changes in the number of donors by specific donor type, among other questions. Data in this section come from the March 2016 *Winter 2016 Nonprofit Fundraising Survey* report from the Nonprofit Research Collaborative, at

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- Also according to the NRC’s *Winter 2016 Nonprofit Fundraising Survey*, 67 percent of religious congregations reported receiving bequests in 2015. Only the higher education subsector saw a greater percentage of gifts given by bequest.⁷⁴
- In spring 2016, Blackbaud reported that among its sample of nearly 6,000 nonprofits, giving to faith-based organizations realized an increase of 3.9 percent between 2014 and 2015.⁷⁵ Faith-based organizations realized the greatest year-over-year monthly increases in overall charitable revenue in the three-month periods ending in April (9.9 percent) and March (9.4 percent). Giving declined, however, to faith-based organizations in three-month period ending in October (-3.5 percent).⁷⁶

Why has giving to the religion subsector been declining as a share of total giving in the last four decades?

Several reasons account for the relatively slow rate of growth in giving to religion:

1.) Declining rates of membership at houses of worship:

www.npresearch.org. A convenience sample of nearly 1,197 respondents, 71 of them Canadian, constitutes the survey results.

⁷⁴ The Nonprofit Research Collaborative (NRC) annually conducts surveys on fundraising trends across the nonprofit sector. In 2016, this collaboration included Giving USA Foundation, the Association of Fundraising Professionals, CFRE International, Campbell Rinker, the Urban Institute’s National Center for Charitable Statistics (NCCS), the Association of Philanthropic Counsel, and Partnership for Philanthropic Planning. In early 2016, the NRC launched a survey to assess fundraising trends for the entire 2015 calendar year. The survey asked nonprofit leaders of public charities and foundations to report on changes in charitable revenue received and changes in the number of donors by specific donor type, among other questions. Data in this section come from the March 2016 *Winter 2016 Nonprofit Fundraising Survey* report from the Nonprofit Research Collaborative, at www.npresearch.org. A convenience sample of nearly 1,197 respondents, 71 of them Canadian, constitutes the survey results.

⁷⁵ This information was provided to *Giving USA* directly from Blackbaud in May 2016. The Blackbaud Index of Charitable Giving assesses changes in total charitable giving from year to year using a three-month rolling median of the charitable revenue reported by a selected sample of U.S. nonprofits. This information reflects data on total charitable giving reported by 5,855 organizations across the nonprofit sector, representing total charitable revenue of \$19.4 billion in 2015. Online giving data are reported by 3,865 nonprofits with charitable support amounting to \$2.2 billion in 2015. Month-by-month Blackbaud Index data on both online and total giving are available at www.blackbaud.com/nonprofit-resources/blackbaud-index. Note that Blackbaud data are constantly being updated; therefore, figures published in *Giving USA* may vary from current figures.

⁷⁶ Year-over-year monthly giving data are from the Blackbaud Index, May 2016, <https://www.blackbaud.com/nonprofit-resources/blackbaud-index>

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A Pew survey released in 2015 revealed that, from 2007 to 2014, the religiously unaffiliated share increased by 6.7 percent, from 16.1 percent to 22.8 percent.⁷⁷ During the same period, the U.S. Christian population declined by 7.8 percent, from 78.4 percent to 70.6 percent. In contrast, non-Christian faiths remained steady or increased slightly.

In a 2012 study, the Pew Forum on Religion & American Life found that Mainline and Evangelical Protestant denominations are experiencing the greatest loss in membership and attendance in recent years. People who strongly identify with the Evangelical faith community, in particular, reportedly often give a high percentage of their income to religion. If former Evangelical Protestants move, they might correspondingly reduce their contributions to religion.⁷⁸

2.) Giving to religiously identified organizations that are not in the religious subsector:

Giving to religion in *Giving USA* includes giving to support religious congregations and houses of worship; the organizing or national offices of denominations and faith groups; missionary societies; religious media (including print and broadcast); and organizations formed for religious worship, fellowship, or evangelism.

Giving to support organizations that are religiously oriented or identified, such as Catholic Charities or World Vision, is not included in this category. Rather, giving to these other types of organizations are typically included in giving to international affairs, human services, health, or education.

A *Connected to Give* study released in 2013 clarified the charitable landscape with two broad categories: “‘religiously identified organizations’ (RIOs) and ‘not religiously identified organizations’ (NRIOs).”⁷⁹ RIOs include a variety of faith-based organizations separate from the traditional congregation. Though only 41 percent of all U.S. giving funds congregations specifically, an additional 32 percent supports RIOs. Thus, more than seven in ten charitable dollars appears to be religiously motivated.

⁷⁷ “America’s Changing Religious Landscape,” Pew Research Center, May 12, 2015, www.pewforum.org

⁷⁸ “Nones” on the Rise: One in Five Adults Have No Religious Affiliation, Pew Forum on Religion & American Life, 2012, www.pewforum.org

⁷⁹ Melanie A. McKittrick, J. Shawn Landres, Mark Ottoni-Wilhelm, and Amir D. Hayat, *Connected to Give: Faith Communities*, Connected to Give, 2013, www.faithcommunities.connectedtogive.org, p. 4.

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3.) Declining rates of giving to congregations (at least Christian ones):

Data for the year 2012 reveal that giving to churches represented only 2.2 percent of personal income, marking the lowest level since 1968.⁸⁰ The percentage of people attending worship services has been falling for decades, so while people attending continue to give, often at very high percentages of their income, religious giving from the overall population reflects lower levels of attendance.

4.) There also appear to be attendance effects at play:

- One report found that there is an inverse relationship between size and per capita giving in North American churches with weekly attendance of at least 1,000.⁸¹
- Historically, religious giving just barely keeps pace with people's incomes.⁸² In many households, income is has also been flat or declining.

5.) Difference in definition: Note that *Giving USA* categorizes religious organizations very narrowly, which can explain some differences seen between *Giving USA* and other reports on religious giving.

Which large religious charities actually reside in the giving to religion subsector?

In short, very few. *Giving USA* uses a very narrow version of giving to religion, including gifts made to houses of worship, mission groups, national offices for religious congregations, and religious media. As noted above, *Giving USA* does not categorize as “to religion” those organizations offering healthcare, education, or social services, as well as those working internationally.

A list of the largest religious charities categorized across the charitable subsectors are listed below:

Organization	Subsector
Food for the Poor	International Affairs
World Vision	International Affairs

⁸⁰ *The State of Church Giving through 2012: What are Christian Seminaries and Intellectuals Thinking—or are They?* Empty Tomb, Inc., October 15, 2014, www.emptytomb.org

⁸¹ Warren Bird, *Leadership Network/Vanderbloemen 2014 Large Church Salary Report*, Leadership Network and Vanderbloemen Search Group, 2014, http://www.leadnet.org/wp-content/uploads/2014/09/2014-Salary-Report_082914_reduced-print1.pdf

⁸² Per research conducted by Rooney, et al. at the Indiana University Lilly Family School of Philanthropy.

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Feed the Children	International Affairs
Compassion International	International Affairs
Samaritan's Purse	International Affairs
Kingsway Charities	International Affairs
Catholic Relief Services	International Affairs
Cross International Alliance	International Affairs
Operation Blessing International	International Affairs
Catholic Medical Mission Board	International Affairs
Jewish Federations of North America	Public-Society Benefit
United Jewish Appeal	Public-Society Benefit
National Christian Foundation	Religion
Jewish Communal Fund	Public-Society Benefit
Campus Crusade for Christ	Human Services
Christian Broadcasting Network	Religion
Young Life	Human Services
Focus on the Family	Religion
Fellowship of Christian Athletes	Human Services
Christian and Missionary Alliance	Religion
Mission to the World	(likely) Religion
Salvation Army	Human Services
Lutheran Services in America	Human Services
Catholic Charities USA	Human Services
Christian Appalachian Project	Human Services
St. Mary's Food Bank	Human Services
Hadassah, the Women's Zionist Organizations of America	(likely) Human Services

EDUCATION

What's included in the giving to education category?

Giving USA's tabulation of giving to the education subsector includes giving to support nonprofit, public, and charter pre-K through grade 12 schools; nonprofit and public colleges and universities; vocational and technical schools; nonprofit and public libraries; education research and policy; adult education programs; tutoring programs; and student services organizations.

Giving USA's estimates include donations of cash, securities, and in-kind gifts, such as equipment, land, and other items of value. Some gifts made for educational purposes are actually counted as gifts to the health, arts, human services, religion, or international affairs subsectors, as well as to foundations.

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What drives the strong giving to education?

Giving to education marked its sixth consecutive year of growth in 2015, at a rate of 8.8 percent per year.⁸³ In the last five-year period (2011 to 2015), giving to this subsector experienced an average annual rate of growth of 6.4 percent—making it the third-fastest growing subsector out of nine. Giving to education also outpaced the five-year average rate of growth in total giving of 5.4 percent.

Several reports issued in 2016 note generally positive trends in giving to education organizations in 2015. The results of these reports are provided throughout the rest of this opening narrative and chapter. Different methodological and sampling approaches account for the differences seen between these sources and *Giving USA* data. Some highlights from 2015 on giving this subsector include:

- Responding institutions of higher education to the Council for Aid to Education’s (CAE) annual Voluntary Support of Education (VSE) survey reported a record increase in received contributions—7.6 percent between fiscal years 2014 and 2015.⁸⁴ Gifts from alumni and non-alumni individuals were particularly strong in fiscal year 2015, as was support for current operations. Fundraising for capital purposes remained flat in fiscal year 2015. Of additional note, a handful of exceptionally large gifts drove the strong rate of change for individual giving to education—higher education, in particular—in fiscal year 2015.
- According to the members of the Council for Advancement and Support of Education’s (CASE) Fundraising Index (CFI), fundraising increased by 5.1 percent for reporting education institutions in 2015.⁸⁵ Pre-collegiate independent schools showed the most positive fundraising results, followed by private higher education institutions. Results for public institutions of higher education were just slightly behind those for private institutions.
- For U.S.-based higher education institutions, in particular, scores of billion-dollar campaigns continued in 2015 and likely bolstered overall giving to this subsector. Several opened campaigns had already met or exceeded their fundraising goals in 2015, while others raised their goals as a result of sustained and strong engagement of donors of all types.

⁸³ This information is in current dollars

⁸⁴ “Colleges and Universities Raise Record \$40.30 Billion in 2015,” Council for Aid to Education, January 27, 2016, www.cae.org/images/uploads/pdf/VSE_2015_Press_Release.pdf. A fiscal year is July 1 to June 30

⁸⁵ “CFI Survey: Gifts to Education Still Strong for AY15 but Slightly Lower than Predicted,” Council for Advancement and Support of Education, August 13, 2015, www.case.org

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- In spring 2016, Blackbaud reported that among its sample of nearly 6,000 nonprofits, giving to institutions of higher education realized an increase of 2.2 percent between 2014 and 2015.⁸⁶ These organizations realized the greatest year-over-year monthly increases in overall charitable revenue in the three-month periods ending in November (5.9 percent) and February (5.7 percent), while giving declined in the three-month period ending in October (-1.8 percent).⁸⁷
- Blackbaud reported a decline of 0.6 percent for giving to K–12 organizations between 2014 and 2015.⁸⁸ K–12 organizations realized the greatest year-over-year monthly increases in overall charitable revenue in the three-month periods ending in July (10.2 percent) and June (4.3 percent), while giving declined in September (-5.4 percent) and April (-2.9 percent).⁸⁹

Why do Giving USA's figures for giving to education differ from the results of these other reports?

The differences are largely a function of sampling and methodology. These differences are also due to different reporting periods.

Giving USA includes all different types of education organizations, as noted above. CAE includes giving to higher education and to private K-12 education organizations. CASE includes only member K-12 and higher education institutions.

⁸⁶ This information was provided to *Giving USA* directly from Blackbaud in May 2016. The Blackbaud Index of Charitable Giving assesses changes in total charitable giving from year to year using a three-month rolling median of the charitable revenue reported by a selected sample of U.S. nonprofits. This information reflects data on total charitable giving reported by 5,855 organizations across the nonprofit sector, representing total charitable revenue of \$19.4 billion in 2015. Online giving data are reported by 3,865 nonprofits with charitable support amounting to \$2.2 billion in 2015. Month-by-month Blackbaud Index data on both online and total giving are available at www.blackbaud.com/nonprofit-resources/blackbaud-index. Note that Blackbaud data are constantly being updated; therefore, figures published in *Giving USA* may vary from current figures.

⁸⁷ Year-over-year monthly giving data are from the Blackbaud Index, May 2016, <https://www.blackbaud.com/nonprofit-resources/blackbaud-index>

⁸⁸ This information was provided to *Giving USA* directly from Blackbaud in May 2016. The Blackbaud Index of Charitable Giving assesses changes in total charitable giving from year to year using a three-month rolling median of the charitable revenue reported by a selected sample of U.S. nonprofits. This information reflects data on total charitable giving reported by 5,855 organizations across the nonprofit sector, representing total charitable revenue of \$19.4 billion in 2015. Online giving data are reported by 3,865 nonprofits with charitable support amounting to \$2.2 billion in 2015. Month-by-month Blackbaud Index data on both online and total giving are available at www.blackbaud.com/nonprofit-resources/blackbaud-index. Note that Blackbaud data are constantly being updated; therefore, figures published in *Giving USA* may vary from current figures.

⁸⁹ Year-over-year monthly giving data are from the Blackbaud Index, May 2016, <https://www.blackbaud.com/nonprofit-resources/blackbaud-index>

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CAE and CASE use institutions' fiscal year reporting and *Giving USA* uses tax year reporting (with fiscal years varying by organization).

Using *Giving USA*'s figures, what is the percentage of higher education giving?

It is estimated that the year-to-year average for giving to higher education as a proportion of all education giving is 70 percent. This figure can vary from year to year.

HUMAN SERVICES

What's included in the giving to human services category?

Giving USA's tabulation of giving to the human services subsector includes donations of cash, securities, and in-kind gifts, such as food, clothing, healthcare supplies, and other items of value.

Human services organizations include those related to food and nutrition; legal services; housing and shelter; recreation and sports; employment services and vocational training; family and children's services; youth services; emergency assistance; public safety and community disaster relief; and independent living and self-sufficiency for a wide range of populations. Some gifts made for human services purposes are actually counted as gifts to the international affairs, health, or education subsectors, as well as to foundations.

Concerning giving to human services:

Giving to human services marked its second consecutive year of growth in 2015.⁹⁰ In the last five-year period (2011 to 2015), giving to this subsector experienced an average annual rate of growth of 4.3 percent—making it the sixth-fastest growing subsector out of nine. Giving to human services failed to outpace the five-year average rate of growth in total giving of 5.4 percent. However, the two-year (2014 and 2015) growth rate in giving to human services (9.7 percent) was more on par with the two-year growth rate in total giving (12.2 percent).

Several reports issued in 2016 reveal mixed results for giving to human services organizations in 2015. The results of these reports are provided throughout the rest of this opening narrative and chapter. Different methodological and sampling approaches account for the differences seen between these sources and *Giving USA* data. Some highlights from 2015 on giving this subsector include:

- Despite the inability of many basic needs organizations to meet demand, 2015 was a promising year for fundraising for the majority of the human services subsector. Seventy

⁹⁰ This information is in current dollars. Giving to human services was flat in 2013 and therefore is not considered an increase.

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percent of human services organizations responding to the National Research Collaborative's *Winter 2016 Nonprofit Fundraising Survey* reported an increase in charitable contributions received between 2014 and 2015.⁹¹ This percentage was higher than the 65 percent of all organizations that reported an increase in contributions in the same period and 6 percentage points higher than the figure reported by human services organizations in 2014.⁹²

- A small proportion of human services organizations launched large-scale campaigns in 2015. Sixteen percent of human services organizations surveyed in a special capital campaigns study by the Nonprofit Research Collaborative were engaged in capital, comprehensive, or endowment campaigns as of August 2015, and another 16 percent were engaged in special campaigns. The percentage of human services organizations participating in these types of campaigns was lower than the percentage of all types of organizations engaged in these campaigns. Half of human services organizations engaged in capital or special campaigns in 2015 reported having a campaign goal of between \$2 million and \$18 million.⁹³
- In spring 2016, Blackbaud reported that among its sample of nearly 6,000 nonprofits, giving to human services organizations realized a decline of 0.6 percent between 2014 and 2015.⁹⁴ Despite the overall decline, there were some positive points throughout the

⁹¹ The Nonprofit Research Collaborative (NRC) annually conducts surveys on fundraising trends across the nonprofit sector. In 2016, this collaboration included Giving USA Foundation, the Association of Fundraising Professionals, CFRE International, Campbell Rinker, the Urban Institute's National Center for Charitable Statistics (NCCS), the Association of Philanthropic Counsel, and Partnership for Philanthropic Planning. In early 2016, the NRC launched a survey to assess fundraising trends for the entire 2015 calendar year. The survey asked nonprofit leaders of public charities and foundations to report on changes in charitable revenue received and changes in the number of donors by specific donor type, among other questions. Data in this section come from the March 2016 *Winter 2016 Nonprofit Fundraising Survey* report from the Nonprofit Research Collaborative, at www.npresearch.org. A convenience sample of nearly 1,197 respondents, 71 of them Canadian, constitutes the survey results.

⁹² *Winter 2015 Nonprofit Fundraising Study*, Nonprofit Research Collaborative, March 2015, http://npresearch.org/pdf/2015-reports/NRC_W2015_F.pdf

⁹³ Special campaigns were defined as a project requiring special funding but not one that required capital funds. *Special Report on Nonprofit Fundraising Campaigns*, Nonprofit Research Collaborative, December 2015, http://npresearch.org/images/pdf/2015-reports/NRC_Campaigns_S2015.pdf

⁹⁴ This information was provided to *Giving USA* directly from Blackbaud in May 2016. The Blackbaud Index of Charitable Giving assesses changes in total charitable giving from year to year using a three-month rolling median of the charitable revenue reported by a selected sample of U.S. nonprofits. This information reflects data on total charitable giving reported by 5,855 organizations across the nonprofit sector, representing total charitable revenue of \$19.4 billion in 2015. Online giving data are reported by 3,865 nonprofits with charitable support amounting to \$2.2 billion in 2015. Month-by-month Blackbaud Index data on both online and total giving are available at www.blackbaud.com/nonprofit-resources/blackbaud-index. Note that Blackbaud data are constantly being updated; therefore, figures published in *Giving USA* may vary from current figures.

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year. Human services organizations realized the greatest year-over-year monthly increases in overall charitable revenue in the three-month period ending in August (7.1 percent), while giving to these organizations reached its lowest point in November (3 percent).⁹⁵

- Reflecting *Giving USA*'s cited growth in overall giving to human services in the past two years (9.7 percent for 2014 and 2015 combined), human services organizations on the 2015 Philanthropy 400—the annual *Chronicle of Philanthropy*'s list of the charities that raise the most funds from private sources—increased in number compared with 2014.⁹⁶ However, specific organizations saw varied results. Feeding for America saw an increase of 8.7 in contributions received in fiscal year 2014, while The Salvation Army saw an increase of just 1.7 percent.

HEALTH

What's included in the giving to health category?

Giving USA's tabulation of giving to the health subsector includes cash, securities, and in-kind gifts to organizations providing healthcare services, such as hospitals and primary care facilities. It also includes giving to health-related research facilities; disease-specific organizations for research or patient and family support; mental health services and research; and health policy centers. Generally, gifts made to support health research and medical services conducted at university medical systems are included in the health subsector, but sometimes they are recorded in the education subsector.

Concerning giving to health:

In 2015, giving to health grew for the fourth consecutive year at an average rate of 3.7 percent per year.⁹⁷ However, in the last five-year period (2011 to 2015), giving to this subsector experienced an average annual rate of growth of just 1.6 percent—placing it last in terms of growth out of the nine subsectors. This slow rate of growth in giving to health is largely due to the steep decline of 6.6 percent in giving to health in 2011. As a result, giving to this subsector was well below the five-year average rate of growth in total giving of 5.4 percent.

Several reports issued in 2016 note generally positive trends in giving to health organizations in 2015. The results of these reports are provided throughout the rest of this opening narrative and chapter. Different methodological and sampling approaches account for the differences seen

⁹⁵ Year-over-year monthly giving data are from the Blackbaud Index, May 2016, <https://www.blackbaud.com/nonprofit-resources/blackbaud-index>

⁹⁶ "2015 Philanthropy 400," *The Chronicle of Philanthropy*, March 6, 2016, https://philanthropy.com/interactives/philanthropy-400#id=table_2015

⁹⁷ This information is in current dollars

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between these sources and *Giving USA* data. Some highlights from 2015 on giving this subsector include:

- In spring 2016, Blackbaud reported that among its sample of nearly 6,000 nonprofits, giving to health organizations realized an increase of 7.2 percent between 2014 and 2015.⁹⁸ Healthcare organizations realized the greatest year-over-year monthly increases in overall charitable revenue in the three-month period ending in February (10.9 percent), but saw its lowest points in the three-month periods ending in July (-0.9 percent) and August (-2.5 percent), which was the end of the 2015 fiscal year.⁹⁹
- While contributions to health in 2015 went to support a variety of causes, gifts in support of medical research were particularly noticeable. These gifts went to support research on finding a cure for cancer, pediatric illnesses, heart disease, and other health conditions. One donor gave more than \$192 million in 2015 to support cancer research, glomerular diseases, medical infrastructure, and nanotherapeutic treatments.¹⁰⁰ In addition, after the outbreak of Ebola in 2014 across a number of West African countries, a renewed interest in funding research on infectious disease emerged in the U.S. in 2015.¹⁰¹
- Individuals featured on *The Chronicle of Philanthropy's* list of the 50 most-generous donors also prioritized medical research in 2015 when giving direct gifts.¹⁰² These donors collectively contributed or pledged \$1.6 billion to various organizations conducting medical research, whether within health research institutes or at universities.¹⁰³ This amount includes \$800.0 million to scientific research institutions, \$400.0 million to hospitals and medical centers, and \$300.0 million to health charities.

⁹⁸ This information was provided to *Giving USA* directly from Blackbaud in May 2016. The Blackbaud Index of Charitable Giving assesses changes in total charitable giving from year to year using a three-month rolling median of the charitable revenue reported by a selected sample of U.S. nonprofits. This information reflects data on total charitable giving reported by 5,855 organizations across the nonprofit sector, representing total charitable revenue of \$19.4 billion in 2015. Online giving data are reported by 3,865 nonprofits with charitable support amounting to \$2.2 billion in 2015. Month-by-month Blackbaud Index data on both online and total giving are available at www.blackbaud.com/nonprofit-resources/blackbaud-index. Note that Blackbaud data are constantly being updated; therefore, figures published in *Giving USA* may vary from current figures.

⁹⁹ Year-over-year monthly giving data are from the Blackbaud Index, May 2016, <https://www.blackbaud.com/nonprofit-resources/blackbaud-index>

¹⁰⁰ Note that “nanotherapeutic treatments” refer to the use of technology to treat disease at the micro, or nano, level. “David Koch,” *The Chronicle of Philanthropy*, retrieved April 10, 2015, www.philanthropy.com

¹⁰¹ “Outbreaks Chronology: Ebola Virus Disease,” Centers for Disease Control and Prevention, retrieved January 6, 2016, www.cdc.gov/vhf/ebola/outbreaks/history/chronology.html

¹⁰² Maria Di Mento and Kathleen Kelly, “The 2015 Philanthropy 50,” *The Chronicle of Philanthropy*, March 2, 2015, www.philanthropy.com

¹⁰³ Support for research conducted at universities is counted in the education subsector of The Philanthropy 50.

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funding.¹⁰⁴ The Robert Wood Johnson Foundation in particular committed \$25 million over three years to health research.

PUBLIC-SOCIETY BENEFIT & DONOR-ADVISED FUNDS

What is in the public-society benefit category?

Organizations within the public-society benefit (PSB) subsector include those related to voter education, civil rights, and civil liberties; consumer rights; and community and economic development. Public-society benefit organizations also include free-standing research institutions that focus on biological, physical, and social sciences, as well as public policy research; those that promote philanthropy; and those that raise funds to distribute to nonprofits, such as United Ways, the Combined Federal Campaign, and Jewish Federations of North America. Freestanding donor-advised funds (or national or commercial donor-advised funds) are also included in this subsector. *Giving USA* does not count foundations within the public-society benefit category as do the National Center of Charitable Statistics (NCCS) and the IRS.

Where is giving to donor-advised funds included?

National (or commercial) donor-advised funds are included in the estimate for public-society benefit. These funds include Fidelity, Schwab, Vanguard, and National Philanthropic Trust. About 50 organizations qualify as “national funds.”

In addition, other types of organizations sponsor donor-advised funds. The contributions appear in the specific subsector under which the primary organization is categorized. These include donor-advised funds in community foundations (calculated in the “to foundations” total in *Giving USA*); higher education institutions (in education); and within organizations such as World Vision (in international affairs), the Humane Society (in environment/animals), or the National Christian Foundation (in religion). These are just some examples.

On the contributor side, contributions to donor-advised funds are counted on the “by individuals” side of giving when the initial contribution is made. Grants made FROM a donor-advised fund to recipient organizations are also counted, but only when these grants are provided by donor-advised funds held within community foundations. For all other types of donor-advised funds, *Giving USA* takes the net of incoming contributions and outgoing grants when tabulating giving to the recipient subsectors. This approach helps to reduce double-counting of contributions to these funds and recipient organizations.

¹⁰⁴ Michael Anft, “When Scientific Research Can’t Get Federal Funds, Private Money Steps In,” *The Chronicle of Philanthropy*, February 8, 2015, www.philanthropy.com

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What percentage of national donor advised funds is included in the public-society benefit estimate?

Contributions solely to national donor advised funds (or “national charities,” such as Fidelity Charitable Fund) account for the majority of these donations, at between one-third and one-half of these contributions.

Giving to national donor advised funds¹⁰⁵ has averaged about 8 percent (median = 9%) of total giving to the public-society benefit category (these do not include funds held in community foundations) for which we have final data (1988-2012). The ratio of national donor advised funds to total PSB giving can change dramatically from year to year (from <1% to 22%). However, the proportion of giving to these funds as a percentage of giving to PSB has increased dramatically in recent years, from 11 percent in 2000 to 16 percent in 2011 and to 22 percent in 2012.

Can you please explain more about what is happening in the public-society benefit sector? In the recent past, federated funds have been declining while giving to donor-advised funds has been increasing. What is the overall result in 2015?

In 2015, giving to public-society benefit grew for the sixth consecutive year at an average rate of 7.7 percent per year.¹⁰⁶ In the last five-year period (2011 to 2015), giving to this subsector experienced an average annual rate of growth of 7.0 percent—placing it at second place in terms of growth out of the nine subsectors. Giving to the public-society benefit subsector was above the five-year average rate of growth in total giving of 5.4 percent.

In 2014, giving to all types of donor-advised funds across all charitable subsectors constituted 5.5 percent of all giving.¹⁰⁷ Contributions solely to national donor advised funds (or “national charities,” such as Fidelity Charitable Fund) accounted for an estimated 50 percent of these contributions,

In general, fiscal-year reports from the administrators of the largest commercial donor-advised funds showed strong increases in contributions received in fiscal year 2015 compared with fiscal year 2014. Detail for the top four commercial funds is provided below. Note that the reporting period for these announcements vary from that of *The Chronicle of Philanthropy*'s Philanthropy

¹⁰⁵ 30 of the leading funds. These data are based on internal analysis conducted at the IU Lilly Family School of Philanthropy, using data provided by NCCS.

¹⁰⁶ This information is in current dollars

¹⁰⁷ This analysis uses Giving USA 2016 data along with data from National Philanthropic Trust's 2015 Donor-Advised Fund report, 2015, <http://www.nptrust.org/daf-report/sponsor-type-comparison.html>

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400; thus, the data vary. Fidelity Charitable Gift Fund released its 2014 calendar year report in 2015.

- Fidelity Charitable Gift Fund reported an increase in the number of its donor-advised fund accounts—from 66,829 in 2013 to 72,170 in fiscal year 2014. For the year 2014, this fund reported that it represented more than 119,000 donors.¹⁰⁸
- Schwab Charitable Fund reported receiving \$2 billion in donor contributions in fiscal year 2015, a 9.8 percent increase over the \$1.8 billion the fund received in 2014. In 2015, 68 percent of donor contributions were in the form of appreciated investments or assets.¹⁰⁹
- Vanguard Charitable Endowment Program reported receiving \$1.2 billion in fiscal year 2015—21.4 percent more than the \$988.1 million the program received in 2014.¹¹⁰
- National Philanthropic Trust reported that contributions to its donor-advised fund accounts increased from \$765.4 million in 2014 to \$901.8 million in 2015—a difference of 17.8 percent.¹¹¹

United Way campaigns

United Way Worldwide, the umbrella organization for local United Ways, reported that \$5.18 billion was raised throughout the network in 2014.¹¹² This figure is level with 2013 numbers. The organization additionally maintained steady contribution levels, with approximately 60 percent of revenue comprised of donations in 2013–2014. In contrast to consistent contribution levels, United Way reported an increase of volunteers participating in events held at the local level.¹¹³ United Way chapters indicated that overall volunteering was up nearly 13 percent from the 2006–2013 period.

¹⁰⁸ *2015 Charitable Giving Report*, Fidelity Charitable, 2016, www.fidelitycharitable.org; *2014 Charitable Giving Report*, Fidelity Charitable, 2015, www.fidelitycharitable.org

¹⁰⁹ *2015 Annual Giving Report*, Schwab Charitable, 2015, <http://www.schwabcharitable.org/public/file/P-8142068/GivingReport2015.pdf>

¹¹⁰ *2015 Annual Report*, Vanguard Charitable, 2015, <http://www.simplyvariable.com/vanguardcharitable/files/assets/common/downloads/VanguardCharitableAnnualReport2015.pdf>

¹¹¹ *2015 Annual Report*, National Philanthropic Trust, 2015, <http://www.nptrust.org/annual-report/>

¹¹² *United Way Worldwide 2014 Annual Report*, United Way Worldwide, 2014, http://s3.amazonaws.com/uww.assets/site/COMUN-0715_United_Way_Worldwide_2014_Annual_Report_FINAL_DIGITAL_VERSION.pdf; *United Way Worldwide 2013 Annual Report*, United Way Worldwide, 2013 https://secure.unitedway.org/page/-/Financial/United_Way_Worldwide_2013_Annual_Report.pdf

¹¹³ *United Way Day of Action 2014 Report*, United Way Worldwide, 2014, http://s3.amazonaws.com/uww.assets/site/Day_of_Action_2014_Report.pdf

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Jewish federations

The New York-based United Jewish Appeal Federation (UJA-Federation), one of the largest charitable bodies devoted to Jewish causes, reported a 10 percent increase in fundraising in 2015 from 2014.¹¹⁴ The total increase in revenue equaled \$207.8 million that year. Funds were raised over a 12-month period and aimed to support displaced persons, vulnerable populations, and nearly 100 organizations on both local and global levels. The giving boost was driven by the federation's 2015 campaign, which raised \$150.8 million from individual donors alone. Future programmatic focus areas for the UJA-Federation include community building in Israel and launching a community-wide volunteer movement called "Live With Purpose," which is set to begin in 2016.

According to the *The Chronicle of Philanthropy's* Philanthropy 400 index, the Jewish Federation of Metropolitan Detroit enjoyed the largest increase in private support among Jewish federations, with donations rising nearly 60 percent in 2014 over 2013. The group attributed their fundraising success to focusing on donor stewardship, specifically redefining their role as a partner for donors looking to support specific projects in addition to annual campaigns.

While 2015 was a successful year for federation fundraising, overall giving to Jewish federations has declined over the past 25 years, according to Philanthropy 400 data collected by the *Chronicle*.¹¹⁵ Individual donations dropped 37.6 percent in adjusted dollars between 1991 and 2015.

Combined Federal Campaign

The Combined Federal Campaign (CFC), the federal government's workplace charity drive, saw another year of lower contributions.¹¹⁶ The latest reports released by the CFC indicate that contributions dropped 7.8 percent in 2014 compared with 2013, continuing a decline that began in 2010. Washington, DC-area employees, who drive the majority of contributions to the campaign, reduced their giving by more than 2.0 percent.¹¹⁷ Officials believe that the downward trend has been driven by government shutdowns and pay freezes initiated by the 2008 financial downturn. Additionally, leaders in the campaign indicated that large numbers of federal employees have been retiring and younger employees have not been joining the CFC to alleviate the attrition.

¹¹⁴ "N.Y. Federation Raises \$207.8M, up from 10% Last Year," *Jewish Telegraph Agency*, July 13, 2015, www.jta.org

¹¹⁵ "How 18 Causes Have Fared Through the Years," *The Chronicle of Philanthropy*, retrieved April 10, 2016, <https://philanthropy.com/interactives/phil400-chart-2015>

¹¹⁶ "Combined Federal Campaign Results & Impact," Combined Federal Campaign, retrieved April 14, 2016, www.opm.gov/combined-federal-campaign/results-impact/

¹¹⁷ Holly Hall, "Giving to D.C.'s Federal Workplace Drive Declines 2%," *The Chronicle of Philanthropy*, March 13, 2015, www.philanthropy.com

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Where are community donor-advised funds calculated, and how have community donor-advised funds changed in recent years?

Community donor-advised fund estimates are included in the overall giving by foundations total. Neither *Giving USA* nor the Foundation Center disaggregates this information. It should be noted that contributions to community donor-advised fund accounts and the value of grants disbursed increased significantly between 2013 and 2014.

National Philanthropic Trust reported that the number of donor-advised fund accounts held within community foundations rose 4.7 percent between 2013 and 2014, to 65,549.¹¹⁸ For these accounts, assets rose 19.7 percent in the same time period, while contributions to these accounts rose 30.8 percent (to \$6.48 billion). Grants made from these accounts grew 40.7 percent, to \$4.18 billion.

What is the payout rate for donor-advised funds?

For fiscal year 2014, the payout rate for donor-advised funds was:¹¹⁹

- 21.4 percent for national charities (funds);
- 18.2 percent for community foundations; and
- 33.2 percent for single issues charities.

ARTS, CULTURE, AND HUMANITIES

What's included in the giving to arts, culture, and humanities category?

Giving USA's tabulation of giving to the arts, culture, and humanities subsector includes giving to support museums; the performing arts; visual arts; historical societies; nonprofit media and communication organizations, including public broadcasting (with the exception of organizations that are religiously oriented); humanities organizations; and other arts-related organizations.

Giving USA's estimates include donations of cash, securities, and in-kind gifts, such as artwork, land, and other items of value. Some gifts made for arts, culture, and humanities purposes are actually counted as gifts to the education subsector or to foundations.

Concerning giving to the arts

In 2015, giving to arts, culture, and humanities organizations grew for the fourth consecutive year at an average rate of 7.5 percent per year.¹²⁰ Giving to this subsector was slightly below the five-year (2011 to 2015) average rate of growth of 5.4 percent in total giving, at 5.1 percent.

¹¹⁸ 2015 Donor-Advised Fund Report, National Philanthropy Trust, 2015, www.nptrust.org

¹¹⁹ 2015 Donor-Advised Fund Report, National Philanthropy Trust, 2015, www.nptrust.org

¹²⁰ This information is in current dollars.

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Compared with the other charitable subsectors, giving to arts, culture, and humanities ranked fifth out of nine in terms of five-year growth.

Several reports issued in 2016 note generally positive trends in giving to arts, culture, and humanities organizations in 2015. The results of these reports are provided throughout the rest of this opening narrative and chapter. Different methodological and sampling approaches account for the differences seen between these sources and *Giving USA* data. Some highlights from 2015 on giving this subsector include:

- The majority of arts organizations saw positive fundraising results in 2015. For all types of arts organizations, 61 percent responding to the Nonprofit Research Collaborative’s (NRC) *Winter 2016 Nonprofit Fundraising Survey* reported an increase in charitable contributions received between 2014 and 2015. However, this percentage was slightly lower than the 65 percent of all organizations that reported an increase in contributions between 2014 and 2015.¹²¹
- Compared with all reporting organizations combined, more arts, culture, and humanities organizations launched large-scale campaigns in 2015. According to the Nonprofit Research Collaborative, 30 percent of arts organizations surveyed in a special capital campaigns study were engaged in capital, comprehensive, or endowment campaigns as of August 2015, and another quarter (25 percent) were engaged in special campaigns.¹²² Nearly half (49 percent) of reporting arts, culture, and humanities organizations reported having a target goal of greater than \$18 million—a larger proportion than the 39 percent of all types of organizations reporting the same fundraising goal.¹²³

¹²¹ The Nonprofit Research Collaborative (NRC) annually conducts surveys on fundraising trends across the nonprofit sector. In 2016, this collaboration included Giving USA Foundation, the Association of Fundraising Professionals, CFRE International, Campbell Rinker, the Urban Institute’s National Center for Charitable Statistics (NCCS), the Association of Philanthropic Counsel, and Partnership for Philanthropic Planning. In early 2016, the NRC launched a survey to assess fundraising trends for the entire 2015 calendar year. The survey asked nonprofit leaders of public charities and foundations to report on changes in charitable revenue received and changes in the number of donors by specific donor type, among other questions. Data in this section come from the *Winter 2016 Nonprofit Fundraising Survey* report from the Nonprofit Research Collaborative, March 2016, at www.npresearch.org. A convenience sample of nearly 1,200 respondents, 71 of them Canadian, constitutes the survey results

¹²² Special campaigns were defined as a project requiring special funding but not one that required capital funds.

¹²³ *Special Report on Nonprofit Fundraising Campaigns*, Nonprofit Research Collaborative, December 2015, http://npresearch.org/images/pdf/2015-reports/NRC_Campaigns_S2015.pdf

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— In spring 2016, Blackbaud reported that among its sample of nearly 6,000 nonprofits, giving to arts organizations rose 1.0 percent in 2015 over 2014.¹²⁴ Arts organizations realized the greatest year-over-year monthly increases in overall charitable revenue in the three-month period ending in May (10.0 percent), while giving decline in the three-month periods ending in September (-4.4 percent) and November (-3.8 percent).¹²⁵

ENVIRONMENT/ANIMALS

What's included in the giving to environment/animals category?

Giving USA's tabulation of giving to the environment/animals subsector includes giving to zoos and aquariums; botanical gardens and horticultural programs; humane societies and other animal rescue organizations; wildlife and habitat preservation groups; organizations working for pollution abatement and control; environmental education programs; outdoor survival programs; and beautification of open spaces. *Giving USA's* estimates include donations of cash, securities, and in-kind gifts, such as equipment, land, and other items of value. Some gifts made for environmental and animal welfare purposes are actually counted as gifts made to the international affairs or education subsectors, or to foundations.

Concerning giving to the environment/animal welfare:

Giving to environmental and animal organizations rose for six consecutive years between 2010 and 2015, at a rate of 6.5 percent per year.¹²⁶ In the last five-year period (2011 to 2015), giving to this subsector experienced an average annual rate of growth of 6.2 percent—making it the fourth-fastest growing subsector out of nine. Giving to environmental and animal organizations also outpaced the five-year average rate of growth in total giving of 5.4 percent.

Several reports issued in 2016 note generally positive trends in giving to environmental and animal organizations in 2015. The results of these reports are provided throughout the rest of this opening narrative and chapter. Different methodological and sampling approaches account for

¹²⁴ This information was provided to *Giving USA* directly from Blackbaud in May 2016. The Blackbaud Index of Charitable Giving assesses changes in total charitable giving from year to year using a three-month rolling median of the charitable revenue reported by a selected sample of U.S. nonprofits. This information reflects data on total charitable giving reported by 5,855 organizations across the nonprofit sector, representing total charitable revenue of \$19.4 billion in 2015. Online giving data are reported by 3,865 nonprofits with charitable support amounting to \$2.2 billion in 2015. Month-by-month Blackbaud Index data on both online and total giving are available at www.blackbaud.com/nonprofit-resources/blackbaud-index. Note that Blackbaud data are constantly being updated; therefore, figures published in *Giving USA* may vary from current figures.

¹²⁵ Year-over-year monthly giving data are from the Blackbaud Index, May 2016, <https://www.blackbaud.com/nonprofit-resources/blackbaud-index>

¹²⁶ This information is in current dollars

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the differences seen between these sources and *Giving USA* data. Some highlights from 2015 on giving this subsector include:

- In spring 2016, Blackbaud reported that among its sample of nearly 6,000 nonprofits, giving to environmental and animal-welfare organizations increased 1.8 percent increase in 2015 over 2014.¹²⁷ Environmental and animal-welfare organizations realized the greatest year-over-year monthly increases in overall charitable revenue in the three-month period ending in April (11.9 percent), before falling steadily beginning in the three-month period ending in June and reaching its lowest point in October (-4.5 percent).¹²⁸
- Nearly seven in ten environmental organizations (68 percent) responding to the National Research Collaborative's *Winter 2016 Nonprofit Fundraising Survey* reported an increase in charitable contributions received between 2014 and 2015.¹²⁹ This percentage is much slightly higher than the 65 percent of all organizations that reported an increase in contributions in the same period. Approximately the same percentage (69 percent) of environmental organizations reported an increase in charitable contributions between 2013 and 2014.
- Many environmental and animal organizations launched large-scale campaigns in 2015. Thirty percent of environmental/animal organizations surveyed in a special capital campaigns study by the Nonprofit Research Collaborative were engaged in capital, comprehensive, or endowment campaigns as of August 2015, and another 20 percent

¹²⁷ This information was provided to *Giving USA* directly from Blackbaud in May 2016. The Blackbaud Index of Charitable Giving assesses changes in total charitable giving from year to year using a three-month rolling median of the charitable revenue reported by a selected sample of U.S. nonprofits. This information reflects data on total charitable giving reported by 5,855 organizations across the nonprofit sector, representing total charitable revenue of \$19.4 billion in 2015. Online giving data are reported by 3,865 nonprofits with charitable support amounting to \$2.2 billion in 2015. Month-by-month Blackbaud Index data on both online and total giving are available at www.blackbaud.com/nonprofit-resources/blackbaud-index. Note that Blackbaud data are constantly being updated; therefore, figures published in *Giving USA* may vary from current figures.

¹²⁸ Year-over-year monthly giving data are from the Blackbaud Index, May 2016, <https://www.blackbaud.com/nonprofit-resources/blackbaud-index>

¹²⁹ The Nonprofit Research Collaborative (NRC) annually conducts surveys on fundraising trends across the nonprofit sector. In 2016, this collaboration included Giving USA Foundation, the Association of Fundraising Professionals, CFRE International, Campbell Rinker, the Urban Institute's National Center for Charitable Statistics (NCCS), the Association of Philanthropic Counsel, and Partnership for Philanthropic Planning. In early 2016, the NRC launched a survey to assess fundraising trends for the entire 2015 calendar year. The survey asked nonprofit leaders of public charities and foundations to report on changes in charitable revenue received and changes in the number of donors by specific donor type, among other questions. Data in this section come from the *Winter 2016 Nonprofit Fundraising Survey* report from the Nonprofit Research Collaborative, at www.npresearch.org. A convenience sample of 1,197 respondents, 71 of them Canadian, constitutes the survey results.

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were engaged in special campaigns.¹³⁰ The percentage of environmental/animal organizations participating in these types of campaigns was higher than the percentage of all types of organizations engaged in these campaigns.

INTERNATIONAL AFFAIRS

What's included in the giving to international affairs category?

Giving USA's estimate of giving to the international affairs subsector includes giving to organizations working in international aid, development, or relief; those that promote international understanding; and organizations working on international peace and security issues. This subsector also includes research institutes devoted to foreign policy and analysis, as well as organizations working in the domain of international human rights. *Giving USA's* estimates include donations of cash, securities, and in-kind gifts, such as food, medicine, equipment, and other items of value.

Some gifts made for international purposes are actually counted as gifts to education, environment/animals, health, human services, or religion subsectors, as well as to foundations. Gifts made directly to organizations located abroad are not included in *Giving USA* estimates for giving to international affairs organizations because the amount is not known—the gifts are not eligible for a tax deduction under U.S. tax law.

What was happening with international giving in 2015?

Several reports issued in 2016 note generally positive trends in giving to international affairs organizations in 2015. The results of these reports are provided throughout the rest of this opening narrative and chapter. Different methodological and sampling approaches account for the differences seen between these sources and *Giving USA* data. Some highlights from 2015 on giving this subsector include:

- In spring 2016, Blackbaud reported that among its sample of nearly 6,000 nonprofits, giving to international affairs realized an increase of 6.4 percent between 2014 and 2015.¹³¹ International affairs organizations realized the greatest year-over-year monthly

¹³⁰ Special campaigns were defined as a project requiring special funding but not one that required capital funds. *Special Report on Nonprofit Fundraising Campaigns*, Nonprofit Research Collaborative, December 2015, http://npresearch.org/images/pdf/2015-reports/NRC_Campaigns_S2015.pdf

¹³¹ This information was provided to *Giving USA* directly from Blackbaud in May 2016. The Blackbaud Index of Charitable Giving assesses changes in total charitable giving from year to year using a three-month rolling median of the charitable revenue reported by a selected sample of U.S. nonprofits. This information reflects data on total charitable giving reported by 5,855 organizations across the nonprofit sector, representing total charitable revenue of \$19.4 billion in 2015. Online giving data are reported by 3,865 nonprofits with charitable support amounting to \$2.2 billion in 2015. Month-by-month Blackbaud Index data on both online and total giving are available at

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increases in overall charitable revenue in the three-month periods ending in June (22.3 percent) and July (21.9 percent), before dropping to their lowest points in September (1.1 percent) and October (0.8 percent).¹³²

- Online giving was stronger for the sample of Blackbaud international affairs organizations than was overall giving to these same organizations, increasing 10.8 percent in 2015.¹³³ Year-over-year monthly changes in online giving to international affairs organizations peaked in the three-month periods ending in April (19.6 percent) and June (19.8 percent), before declining for the remainder of the year. Giving to these organizations reached its lowest year-over-year change in the three-month period ending in January (-5.0 percent).¹³⁴
- According to Blackbaud's *Luminate Online Benchmark Report*, released in 2016, disaster and international relief organizations realized a median online transaction amount of \$121.01 in fiscal year 2015, an increase of 0.4 percent compared with 2014.¹³⁵ Disaster and international relief organizations saw an increase in first-time online transactions (4.2 percent) but a decline in repeat online transactions (1.5 percent).
- In a different study, the 2016 *Nonprofit Benchmarks Report* by M+R and NTen also reported very positive results for online giving to a sample of international organizations.¹³⁶ In 2015, these organizations experienced an overall increase in online revenue of 33 percent. International organizations saw the second-highest increase in

www.blackbaud.com/nonprofit-resources/blackbaud-index. Note that Blackbaud data are constantly being updated; therefore, figures published in *Giving USA* may vary from current figures.

¹³² Year-over-year monthly giving data are from the Blackbaud Index, May 2016,

<https://www.blackbaud.com/nonprofit-resources/blackbaud-index>

¹³³ This information was provided to *Giving USA* directly from Blackbaud in May 2016. The Blackbaud Index of Charitable Giving assesses changes in total charitable giving from year to year using a three-month rolling median of the charitable revenue reported by a selected sample of U.S. nonprofits. This information reflects data on total charitable giving reported by 5,855 organizations across the nonprofit sector, representing total charitable revenue of \$19.4 billion in 2015. Online giving data are reported by 3,865 nonprofits with charitable support amounting to \$2.2 billion in 2015. Month-by-month Blackbaud Index data on both online and total giving are available at www.blackbaud.com/nonprofit-resources/blackbaud-index. Note that Blackbaud data are constantly being updated; therefore, figures published in *Giving USA* may vary from current figures.

¹³⁴ Year-over-year monthly giving data are from the Blackbaud Index, May 2016, www.blackbaud.com/nonprofit-resources/blackbaud-index

¹³⁵ *Luminate Online Benchmark Report 2015*, Blackbaud, 2016, www.blackbaud.com. Data from this report cover the fiscal year July 1, 2014 to June 30, 2015 for a sample of 685 nonprofit organizations that use Luminate Online cloud-based software by Blackbaud.

¹³⁶ *Nonprofit Benchmarks Study*, M+R Strategic Services and NTen, 2016, www.e-benchmarksstudy.com. Note that this study uses a convenience sample of 105 organizations with online revenue totaling over \$481 million and that the organizations types reported in this study do not necessarily match those used in *Giving USA*.

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online giving, behind only the change in giving to rights organizations of 35 percent. This increase was driven by a large increase in one-time online giving (47 percent) and in monthly online giving (10 percent).

What has been going on with international giving in the past several years? Why the sharp growth in 2015 after the two declines in 2013 and 2014?

Compared with most of the other charitable subsectors that have seen several consecutive years of increases in giving, international affairs has seen several declines, most recently in 2014 and 2013. However, in 2015, giving to international affairs far outpaced growth in giving to other types of charitable organizations, rising 17.5 percent.¹³⁷ In the last five-year period (2011 to 2015), giving to this subsector experienced an average annual rate of growth of 3.1 percent—making it the second-slowest growing subsector. This rate of growth is compared with the five-year annual average change in total giving of 5.4 percent.

There are several reasons explaining why giving to international affairs may have increased so rapidly. According to historical data in *The Chronicle of Philanthropy's* Philanthropy 400 index, which ranks nonprofits in terms of how many private donations they receive, the number of international groups on the index has grown from 37 to 59 between 1991 and 2015. Additionally, the total share of dollars represented by giving to international causes on the index rose over a 25-year period to 16 percent of giving.

Gifts by foundations may also be linked to the increase in giving to international affairs. The Bill & Melinda Gates Foundation consistently makes massive annual gifts to this subsector. Data from *Giving USA 2007* also noted that several organizations, including Google, Coca-Cola, and the Carnegie Endowment for International Peace, shifted their programmatic foci toward global issues.

Despite this annual spike, it is worth keeping in mind that giving to international affairs can change sharply from year to year, in part because of giving to natural and manmade disasters.

FOUNDATIONS

Concerning giving to foundations:

Compared with most of the other charitable subsectors that have seen several consecutive years of increases in giving—including in 2015—giving to foundations is estimated to have declined in 2015.¹³⁸ This decline, however, follows a four-year period of average annual growth of 14.5 percent. In the last five-year period (2011 to 2015), giving to this subsector experienced an

¹³⁷ This information is in current dollars

¹³⁸ This information is in current dollars.

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average annual rate of growth of 10.8 percent—making it the fastest-growing subsector out of nine. This rate of growth is compared with the five-year annual average change in total giving of 5.4 percent.

As of May 2016, Foundation Search noted the existence of 120,136 charitable foundations.¹³⁹ Of these foundations, 88,147 were private foundations and 1,074 were community foundations. The number of private foundations identified in Foundation Search’s database declined 2.7 percent since May 2015, and the number of community foundations declined 1.7 percent. An additional 1,447 foundations were company sponsored, while the remaining organizations were counted as public charities.

Assets held within private foundations totaled \$785.6 billion as of May 2016, an increase of 6.6 percent from one year prior.¹⁴⁰ Assets of community foundations increased more sharply, at 9.4 percent, from \$65.2 billion to \$71.3 billion, during this time period.

Giving to foundations tends to range considerably from year to year. Gifts to this subsector are often very large and dependent on investments. Many gifts made to foundations are also made in the form of bequests. The timing of bequests is difficult to predict as estates sometimes choose to pay these gifts out several years after the decedent’s death.

Could giving to donor-advised funds be impacting giving to foundations?

In 2014, assets held by the top three commercial providers of donor-advised funds—Fidelity Charitable Gift Fund, Schwab Charitable Fund, and Vanguard Charitable—amounted to \$24.1 billion.¹⁴¹ This total exceeded the donor-advised fund assets held by 274 community foundations (\$22.2 billion) in 2014. This was the first time that assets held by the three largest commercial providers of donor-advised funds exceeded those held by community foundations since 1988, according to the Foundation Center and the *2014 Columbus Survey Findings* report.

Giving to donor-advised funds has steadily increased in popularity. According to 25-year tracking data from *The Chronicle of Philanthropy’s* Philanthropy 400 index, private giving to donor-advised funds has increased 12,140.3 percent since 1991.¹⁴² This is the largest subsector increase on the Philanthropy 400.

¹³⁹ “FoundationSearch database,” Metasoft, retrieved May 2016, www.foundationsearch.com

¹⁴⁰ “FoundationSearch database,” Metasoft, retrieved May 2016, www.foundationsearch.com

¹⁴¹ *Sustained Growth in an Expanding Field: 2014 Columbus Survey Findings*, Foundation Center, June 2015, http://www.cfinsights.org/Portals/0/Uploads/Documents/Columbus%20Survey/Columbus_Survey_FY2014_FINAL.pdf

¹⁴² “How 18 Causes Have Fared Through the Years,” *The Chronicle of Philanthropy*, accessed April 2016, www.philanthropy.com/interactives/phil400-chart-2015

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If giving to foundations decreased, why has giving from foundations increased in 2015?

Giving to foundations is a subsector that frequently experiences large swings in contributions, due to the tendency for foundation giving to receive mega-gifts or bequests from high-net-worth individuals. Giving from foundations increased in 2015 for several reasons, including appreciation in assets.¹⁴³ Independent and community foundation assets grew 8 percent overall in 2014.

Despite the decline in giving to foundations, it should be noted that the decline follows a four-year period of average annual growth of 14.5 percent. In the last five-year period (2011–2015), giving to foundations was the fastest-growing subsector out of nine.

Could the proliferation of other giving vehicles impact giving to foundations?

The year 2015 continued a recent trend of utilizing nontraditional or emerging philanthropic vehicles to enact social impact. Most notably, Priscilla Chan and Facebook CEO Mark Zuckerberg launched the Chan-Zuckerberg Initiative on December 1, 2015.¹⁴⁴ Eschewing a traditional foundation model, the Chan-Zuckerberg Initiative is a limited-liability corporation (LLC). The legal structure of the initiative allows the organization to make both donations to nonprofit organizations and private investments in for-profit companies. The organization is similar in structure to eBay founder Pierre Omidyar's Omidyar Network.¹⁴⁵ As the lines between for-profit and nonprofit continue to blur, giving to traditional philanthropic initiatives could be impacted.

In 2015, another blended financing structure, a social impact bond, also made headlines. A social impact bond, also known as Pay for Success (PFS) programs, is a way to direct public/private funding toward experimental social interventions. With the approval of government officials and a charitable partner, a private sector investor provides capital to pilot a social intervention. Early PFS programs focused on reducing recidivism in prisons. The success of the initiative is benchmarked against pre-determined objectives. If the program meets these social impact metrics, the investor receives a cash-out from the government. Ideally, the program would also scale after achieving initial proof-of-concept.

¹⁴³ Data were provided by the Foundation Center in April 2016 and are subject to revision. Data on giving by and to foundations is available in the Foundation Center's *Key Facts on U.S. Foundations* reports, available at the Foundation Center's website at www.foundationcenter.org. Note that *Giving USA* added a small portion of giving by independent foundations in the amount of \$13.12 million to reflect disaster giving amounts in support of Nepalese disaster-relief efforts in 2015. These data are subject to revision.

¹⁴⁴ Natasha Singer and Mike Isaac, "Mark Zuckerberg's Philanthropy Uses L.L.C. for More Control," *The New York Times*, December 2, 2015, www.nytimes.com

¹⁴⁵ Jessica Guynn, "Mark Zuckerberg Takes Unconventional Approach to Philanthropy," *USA Today*, January 12, 2016, www.usatoday.com

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The United States' first PFS program came to an end in 2015, and was not able to meet its impact metrics to trigger an investor payout. The program was conducted with inmates at New York's Riker's Island Correctional Facility.

What is “unallocated giving,” and how does Giving USA calculate that amount?

“Unallocated giving” is the part of total giving that cannot be attributed to a particular subsector. The number is the difference between what *Giving USA* estimates donors contributed and the estimates of what organizations received. It can include all types of gifts that are not tracked on IRS Forms 990 and Forms 990-EZ, which may include:

- Gifts to trusts, where the donor does not tell the charity but takes a deduction.
- Gifts to public schools, which do not file 990s.
- Gifts to government entities—fire departments, public schools, parks departments, etc.—where there is not a foundation receiving the gift but the actual public unit.
- Gifts directly to recipients in other countries, as in foundation grants. This is nearly large enough to be tracked separately now, but data lag a year or so because they come from IRS Forms 990 and Forms 990-EZ and are analyzed and released by the Foundation Center.
- Gifts to new organizations that are not classified yet.

For most years, giving by source exceeds giving to the various subsectors. The leftover amount is considered unallocated, for the reasons cited above. It is not expected that giving by source and giving to recipient organizations will match perfectly year to year.

How do you decide which categories organizations fit into?

Giving USA follows the National Center of Charitable Statistics' (NCCS) National Taxonomy of Exempt Entities (NTEE) coding system, with very few exceptions. The most important exceptions are categorizing The Nature Conservancy as an environmental organization rather than as an international affairs organization (as NCCS does) and removing foundations from amounts tabulated for giving to the public-society benefit subsector. *Giving USA* relies on data from Foundation Center for giving by foundations *and* giving to foundations estimates. See more information about how these organizations are categorized at <http://nccs.urban.org/>. Note that *Giving USA* does not use NCCS data for estimating giving to religion.

What percentage of nonprofits saw giving rise, decline, or stay flat?

Because *Giving USA* is a macro-economic study of charitable giving, it does not calculate the percentage of organizations that saw increases and declines in 2015. However, the Nonprofit Research Collaborative (NRC), a collaboration among the Association of Fundraising

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Professionals (AFP), Giving USA Foundation, Blackbaud, Campbell Rinker, and the National Center for Charitable Statistics at the Urban Institute (NCCS) issues reports three times a year or more on this subject. Go to www.npresearch.org for more information, and see the chapters on giving in this year's edition for stats about organizations' responses to questions about charitable receipts in 2015 and prior years.

OTHER QUESTIONS ABOUT THE CHARITABLE SECTOR

Giving to individuals

It is difficult to calculate the amount of giving to individuals. Many of the funds provided to individuals are provided in the form of grants, which are difficult to track. However, a large and increasing proportion of these gifts are in the form of pharmaceutical donations, which we know in 2014 amounted to at least \$6.67 billion. In 2015 *Giving USA* took the three-year average of giving to individuals from the last three years, using contributions to PAPs as the base amount for 2014. This year's total comes to **\$6.56 billion**. This is a reasonable, yet conservative estimate.

Are pledges included in giving to the recipient categories/subsectors?

Giving USA does not parse out giving by pledges versus paid gifts. *Giving USA* assumes all gifts are paid. However, with certain restrictions, organizations can claim pledges on Forms 990. These gifts are not explicitly noted as pledges. Therefore, *Giving USA* cannot determine the distribution of pledges versus paid gifts.

How are social impact investing and PRIs/MRIs affecting giving in recent years. Is this information shown in Giving USA data?

Program-related investments (PRIs), a specific type of social impact investing, are gaining interest from foundations as they look for creative ways to achieve charitable objectives while generating some financial returns.¹⁴⁶ There is a great deal of enthusiasm regarding the potential for these new tools to help solve problems in several key areas including education, health care, the environment, community development and others.

In a report sponsored by Mission Throttle, researchers at the Indiana University Lilly Family School of Philanthropy found that foundations significantly increased the total dollar amount invested in PRIs between 1990 and 2009. According to IRS data used in the report, the total dollar amount invested in PRIs increased from \$139 million in 1990 to \$701 million in 2009. Additionally, the average dollar amount increased during this same period, growing from nearly \$666,000 in 2000 to over \$1.5 million in 2009. However, recent trends in the number of

¹⁴⁶ *Leveraging the Power of Foundations – An Analysis of Program-Related Investments*, IU Lilly Family School of Philanthropy, May 21, 2013, www.philanthropy.iupui.edu

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foundations that use PRIs show that much of the population of foundations have been slow to adopt these investment techniques. The use of PRIs was at its peak in 2004, when 137 foundations used this type of investment tool. This number declined to 97 foundations in 2009. However, several foundations report that peer networks and staff training allow foundations to successfully use these tools to help accomplish their missions.

The full report, *Leveraging the Power of Foundations: An Analysis of Program-Related Investments*, and executive summary were released in May 2013, and both are available on the Lilly Family School of Philanthropy website at <http://www.philanthropy.iupui.edu/research-by-category/PRireport>.

How does the IRA Charitable Rollover affect giving?

The IRA Charitable Rollover, one of three charitable giving incentives included in the Protecting Americans from Tax Hikes (PATH) Act, allows donors who are at least 70½ years of age to make charitable donations of up to \$100,000 directly from IRA accounts without taxing the distribution as income.¹⁴⁷ Gifts from IRAs are not bequests, but due to the size of the gifts and the age of the donors, they are often solicited and worked through planned giving and major gifts officers. Since 2006, Congress has passed short-term legislation allowing favorable tax treatment for charitable distributions from IRAs.¹⁴⁸ Gifts totaling several million dollars are attributed to that legislation. On December 18, 2015, Congress passed legislation making the charitable rollover legislation permanent. Making the IRA rollover permanent is expected to encourage *inter vivos* gifts from IRAs, which are often larger than donors would otherwise make.

Are there any policy changes expected to impact philanthropy in the coming year(s)?

In February 2015, the *America Gives More Act of 2015* (H.R. 644) passed the U.S. House of Representatives by a majority of 279 to 139.¹⁴⁹ In May 2015, U.S. Senate voted affirmatively for the bill, 78 to 20.¹⁵⁰ However, ultimately, none of the intended provisions of the bill remained in

¹⁴⁷ “IRA Charitable Rollover,” INDEPENDENT SECTOR, retrieved February 2016, https://www.independentsector.org/ira_rollover

¹⁴⁸ Richard Fox, “IRA Charitable Rollovers During Legislative Limbo,” *Planned Giving Design Center*, September 10, 2014, www.pgdc.com

¹⁴⁹ “Final Vote Results For Roll Call 80,” Fighting Hunger Incentive Act, Office of the Clerk, U.S. House of Representatives, February 12, 2015, www.clerk.house.gov

¹⁵⁰ “H.R.644 – Trade Facilitation and Trade Enforcement Act of 2015,” Library of Congress, retrieved March 2016, www.congress.gov; “U.S. Senate Roll Call Votes 114th Congress – 1st Session,” United States Senate, retrieved March 2016, www.senate.gov

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its final version signed into law in February 2016.¹⁵¹ Rather, the bill was amended into the *Trade Facilitation and Trade Enforcement Act of 2015*.¹⁵²

The original version of the bill was a package that would have provided permanent incentives for giving to charity and reduced food waste.¹⁵³ In 2015, nonprofits took action to bolster awareness and grassroots mobilization in support of the bill. The original measures would have made permanent and restored three lapsed charitable giving incentives:¹⁵⁴

- Improved deductions for donations of food inventories;
- Extended deductions for land conservation easements; and
- Simplified the excise tax that foundations pay, thus making more funds available for grant payouts.

The Estate Tax Repeal

As it currently stands, the Estate Tax allows the government to collect a tax on any property transferred upon the death of an individual.¹⁵⁵ Charitable contributions help to lower the final total value twice. Any charitable contributions specified in one's will lower the value of the Gross Estate (the current value of all items held by the deceased individual) to a final Taxable Estate. Then, the IRS deducts the overall "value of lifetime taxable gifts" dating back from 1977 from the tax due. With a maximum rate of 40 percent, this tax is only applicable to those estates valued at \$5.43 million for an individual or \$10.86 million for a couple.¹⁵⁶

While debate over repealing this tax has stretched out over the past decade, the House of Representatives was the first to take action in this period to repeal the tax. Analysts expressed doubt that this vote would proceed to the Senate or Obama's desk.¹⁵⁷ As charitable donations made over one's lifetime and *inter vivos* reduce the ultimate tax due to the government, repealing this tax would hold clearly negative implications for charity.¹⁵⁸ A 2004 Congressional Budget Office Study quantified this potential impact on both charitable donations made during life and at

¹⁵¹ "All Bill Information (Except Text) for H.R.644 – Trade Facilitation and Trade Enforcement Act of 2015," Library of Congress, retrieved March 2016, www.congress.gov

¹⁵² "H.R. 644: Trade Facilitation and Trade Enforcement Act of 2015," Civic Impulse, May 14, 2015, www.govtrack.us

¹⁵³ "America Gives More Act of 2015," National Council of Nonprofits, retrieved March 2016, www.councilofnonprofits.org

¹⁵⁴ "America Gives More Act of 2015," National Council of Nonprofits, retrieved March 2016, www.councilofnonprofits.org

¹⁵⁵ "Estate Tax," Internal Revenue Service, January 9, 2015, www.irs.gov

¹⁵⁶ Peter Baker, "House Votes to Repeal Estate Tax," *The New York Times*, April 16, 2015, www.nytimes.com

¹⁵⁷ Peter Baker, "House Votes to Repeal Estate Tax," *The New York Times*, April 16, 2015, www.nytimes.com

¹⁵⁸ Aviva Aron-Dine, "Estate Tax Repeal – or Slashing the Estate Tax Rate – Would Substantially Reduce Charitable Giving," Center on Budget and Policy Priorities, June 7, 2006, www.cbpp.org

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death.¹⁵⁹ If the tax were not applicable in 2000, charitable donations made during life would have decreased individual giving by between 6 to 11 percent, losing \$11 billion. Amounts donated via bequest would decrease between 16 to 28 percent, erasing up to \$4 billion from the charitable landscape.

METHODOLOGY

PLEASE NOTE: For questions and information on *Giving USA*'s methodology, please ask media representatives to contact the Indiana University Lilly Family School of Philanthropy: Adriene Davis Kalugyer, 317-278-8972, adrlidavi@iupui.edu.

Were there any changes to the methodology that Giving USA 2016 used to create the estimates in 2015?

No, there were no methodological changes introduced in *Giving USA* 2016.

EXPLANATION OF THE CHANGES IN GIVING FOR PRIOR YEARS (see also the tables at the end of this briefing document)

Did you revise your estimates for giving for previous years? If so, how?

Yes, *Giving USA* always revises its estimates for at least the last two years. This is because new data become available after the release of the initial estimates for at least two years. These data include final IRS data on itemized contributions from estates, individuals, and corporations, as well as the economic data that *Giving USA* uses in its econometric models. See revisions for 2013 and 2014 as released in *Giving USA* 2014, 2015, and 2016 in the tables at the end of this document.

Why are Giving USA's estimates for giving in years prior to 2015 different in Giving USA 2015 than what Giving USA reported earlier for those years?

Giving USA revises its estimates as the latest data become available. *Giving USA* data should always be considered estimates that are subject to revision, because these estimates are based on the most current data available. The federal Bureau of Economic Analysis (BEA), whose estimates form part of the *Giving USA* estimates each year, updates its various economic indicators frequently before "final" data are released and may even revise its values monthly or annually for a period of time. These indicators include: personal income, personal consumption, corporate profits, GDP, and others.

¹⁵⁹ David Kamin, "New CBO Study Finds that Estate Tax Repeal would Substantially Reduce Charitable Giving," Center on Budget and Policy Priorities, August 3, 2004, www.cbpp.org

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In addition, it takes the IRS at least two years to release final figures for itemized contributions, on which *Giving USA* bases its estimates for giving by corporations, bequest, and individuals. For estimating giving for most types of recipient organizations, *Giving USA* relies on data from the National Center for Charitable Statistics (NCCS), which provides data on charitable receipts received by these charities as reported on Forms 990 and 990-EZ. Datasets provided by NCCS are revised periodically, as well, for several years at a time.

These are just a few examples of the types of data that *Giving USA* uses within its econometric models that are subject to revision each year. *Giving USA* revises its estimates as the latest data become available.

Why are Giving USA's estimates for giving by individuals/households in earlier years different than IRS data?

Giving USA estimates charitable giving by all households that give, not just those that itemize. About 30 to 33 percent of tax filers itemize deductions, and about 66 percent of households give. The *Giving USA* estimate for giving by households that do not itemize is based on household surveys done every two years that reach a representative sample of the population with more than 9,000 respondents.

For instance, the IRS reported that in 2013 (the most recent year for which final data are available) giving by individuals who itemize deductions was \$194.7 billion (an increase of 8.8 percent over the IRS' preliminary estimate of \$179 billion for giving by individuals-itemized). The revised estimate for 2013 from *Giving USA* for giving by individuals shows a figure of \$244.38 billion (an increase of 6.8 percent). *Giving USA* actually did a better job than the IRS in calculating estimates for giving by individuals. Note, however, that *Giving USA's* estimate includes giving by individuals who itemize their deductions and individuals who *do not* itemize.

Also, *Giving USA* updates its figures for giving by individuals, so does the IRS. For the years 2008 to 2012, the average percentage difference between the IRS's initial and final estimates for individual giving is 8.2 percent, with 2012 atypical, holding an 11.3 percent difference. The IRS tends to underestimate individual giving between its initial and revised estimates; thus, all differences are positive. Go to www.irs.gov/taxstats for more information.

By comparison to the IRS revisions, the average percentage difference between initial and revised individual giving estimates released by *Giving USA* for the period 2008 to 2012 is -3.4 percent (4.1 percent using absolute terms). This percentage difference includes the abnormally large revision of an 11.7 percent reduction in the individual giving estimate for the year 2009. In 2011, the model for estimating giving by individuals was updated to more effectively capture changes in individual giving in the changing economic times. The average percentage difference

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between initial and revised total giving estimates released by *Giving USA* for the period 2008 to 2012 is -2.6 percent (2.6 percent using absolute terms).

How do Giving USA's initial estimates compare to its revisions?

Current *Giving USA* estimates are developed before final tax data, some economic indicators, and some demographic data are available. The estimates are revised and updated as final versions of these data become available—for example, final tax return information about itemized deductions made by individuals, corporations, and estates. Publications for these statements are released about two full years from the tax filing year.

Despite the updates required each year for *Giving USA* estimates, these changes are relatively minute. The average percentage difference between initial and revised individual giving estimates released by *Giving USA* for the period 2008 to 2012 is -3.4 percent (4.1 percent using absolute terms). This percentage difference includes the abnormally large revision of an 11.7 percent reduction in the individual giving estimate for the year 2009. In 2011, the model for estimating giving by individuals was updated to more effectively capture changes in individual giving in the changing economic times. The average percentage difference between initial and revised total giving estimates released by *Giving USA* for the period 2008 to 2012 is -2.6 percent (2.6 percent using absolute terms).

Why is Giving USA's approach to estimating giving the most accurate, or as accurate as possible?

Developing charitable giving estimates is difficult work. *Giving USA* has been refining its approaches for over a half century and is the longest-running source of charitable giving data in the world—60 years and counting!

Giving USA stands behind its methodology with the utmost transparency. *Giving USA* stands apart from other research on charitable giving data, because, it follows established scientific principles:

- *Giving USA* is transparent with its methodology and the data that it uses to create charitable giving estimates on an annual basis.
- *Giving USA* is peer-reviewed by leading scholars of nonprofits, philanthropy, and economics, as well as leading practitioners in the non-profit sector.
- Because of its transparency, *Giving USA* is replicable and verifiable.

Giving USA estimates are scientifically rigorous. During its history, *Giving USA* has tested over 700 variables that potentially correlate with charitable giving by households and by corporations.

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Giving USA incorporates only those variables into its methodology that have been scientifically proven to predict charitable giving.

Giving USA estimates primarily rely on econometric methods developed by leading researchers in philanthropy and the nonprofit sector and are reviewed and approved by the members of the Giving USA Advisory Council on Methodology (ACM). Since 2001, *Giving USA* has utilized the significant expertise of Ph.D.-level economists and econometricians in developing and revising its methodologies. Members of the ACM include research directors from national nonprofit organizations, as well as scholars from such disciplines as economics and public affairs, all of whom are involved in studying philanthropy and the nonprofit sector.

The Indiana University Lilly Family School of Philanthropy prepares all of the estimates in *Giving USA* for the Giving USA Foundation. *Giving USA* develops estimates for giving by each type of donor (sources) and for recipient organizations categorized by subsectors (uses). Most of *Giving USA*'s annual estimates are based on econometric analyses and tabulations of tax data, economic indicators, and demographics. Sources of the data used in the estimates include the Internal Revenue Service (IRS), Bureau of Economic Analysis (BEA), Philanthropy Panel Study (PPS), Council for Aid to Education (CAE), the Evangelical Council for Financial Accountability (ECFA), the Urban Institute's National Center for Charitable Statistics (NCCS), U.S. Census Bureau, and others. Estimates for giving by foundations are provided by the Foundation Center. The methods for estimating giving to religious organizations and foundations are not based on an econometric model.

In each *Giving USA* annual report, *Giving USA* details its methodology for each source of giving and by recipient subsector. All data sources are noted in the methodology section and details are provided on steps taken to derive *Giving USA* totals by source and recipient subsector.

Why does Giving USA, specifically, need to update its data?

Giving USA makes revisions to its estimates for the same reason that other responsible, reliable and rigorous research organizations, such as the Internal Revenue Service, the National Center for Charitable Statistics, and the Bureau of Economic Analysis do. These organizations, like *Giving USA*, develop estimates based on models that use a historical relationship between a behavior and the economy. Revisions are made to estimates as new data and information become available.

Giving USA data should always be considered estimates that are subject to revision, because these estimates are based on the most current data available. The federal Bureau of Economic Analysis (BEA), whose estimates form part of the *Giving USA* estimates each year, updates its various economic indicators frequently before "final" data are released and may even revise its

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values monthly or annually for a period of time. These indicators include: personal income, personal consumption, corporate profits, GDP, and others.

In addition, it takes the IRS at least two years to release final figures for itemized contributions, on which Giving USA bases its estimates for giving by corporations, bequest, and individuals. For estimating giving for most types of recipient organizations, Giving USA relies on data from the National Center for Charitable Statistics (NCCS), which provides data on charitable receipts received by these charities as reported on Forms 990 and 990-EZ. Datasets provided by NCCS are revised periodically, as well, for several years at a time.

These are just a few examples of the types of data that *Giving USA* uses within its econometric models that are subject to revision each year. *Giving USA* revises its estimates as the latest data become available.

A note about itemizers and non-itemizers and what Giving USA includes

IRS tax data on charitable deductions is and should be a foundational piece in generating estimates on charitable giving. This is because each year two-thirds or more of all household charitable dollars derive from itemizing households. That being said, IRS data is not the only data that we use. For estimating giving by individuals, as an example, Giving USA uses an econometric process that incorporates the most recent IRS tax data available on household charitable deductions, U.S. household giving data from the Philanthropy Panel Study, several contemporaneous economic variables, and other current data on giving. This process generates estimates for giving by all American households — including those who itemize and those who do not.

About 30 to 33 percent of tax filers itemize deductions, and about 66 percent of households give. Data for itemized giving comes from the IRS and lags about 2 years. Data from the IRS is the only verifiable source of giving data available, but it only includes itemized donations.

Data for the *Giving USA* estimate for giving by households that do not itemize is drawn from the Philanthropy Panel Study (PPS, formerly the Center on Philanthropy Panel Study), which is conducted by the Lilly Family School of Philanthropy. PPS biennially tracks the giving and volunteering behaviors of the same families (including more than 9,000 total respondents) over time along with dynamic personal and socioeconomic factors. PPS includes a nationally representative sample of Americans who give to charity.

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**Comparison of Original *Giving USA* Estimates for 2013 and 2014 and
Revised Estimates as released in *Giving USA* 2016**

Overview of changes to prior years' estimates

The sections below explain the changes in estimates for the last two years, 2013 and 2014.

Giving USA updates its estimates for at least the last two years to incorporate final IRS and other government data. *Giving USA* also revises earlier estimates when more accurate data for the variables become available for a source of giving.

As a best practice, Indiana University generally recommends updating each dataset for each variable used in the *Giving USA* estimates each year. This year, like last year, all dataset variables were analyzed to incorporate the most up-to-date data we could find.

(see following pages)

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Revisions for giving in 2013

For **2013**, the revised total estimate is \$332.53 billion, compared with the initial estimate of \$335.17 billion released in 2014 — a -0.8 percent difference.

The 2013 figures include all final tax return information for individuals, corporations, and foundations, as well as estimates for non-itemizing households and filing and non-filing estates. Changes in the estimate for each source of giving for 2013, between *Giving USA 2014* and *Giving USA 2016*, include:

- Individual giving is higher by 0.8 percent
- Corporate giving is lower by 11.3 percent.
- Foundation giving is higher by 1.9 percent.
- The bequest giving estimate was unchanged.

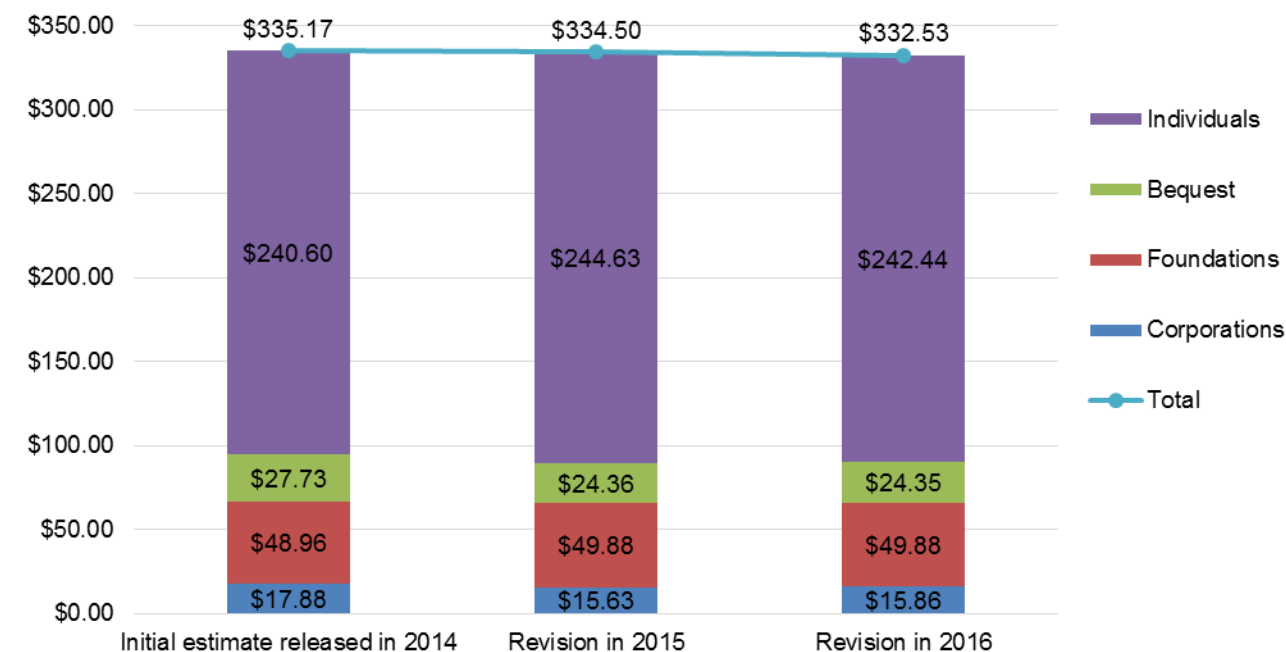
Figure 1

Comparison of initial and revised estimates for 2013 giving by source

Total for 2013 edition = \$335.17 billion

Total for 2014 edition = \$334.50 billion

Total for 2015 edition = \$332.53 billion



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Revisions for giving in 2014

For **2014**, the revised estimate is \$358.60 billion, compared with the initial estimate of \$358.38 billion released in 2015. The new overall estimate is 0.1 percent higher than the initial estimate. This figure will be revised next year when we receive final IRS tax return information for individuals, corporations, and foundations, and revised estimates for bequests.

Changes in the estimate for each source of giving for 2014, between *Giving USA* 2015 and 2016, include:

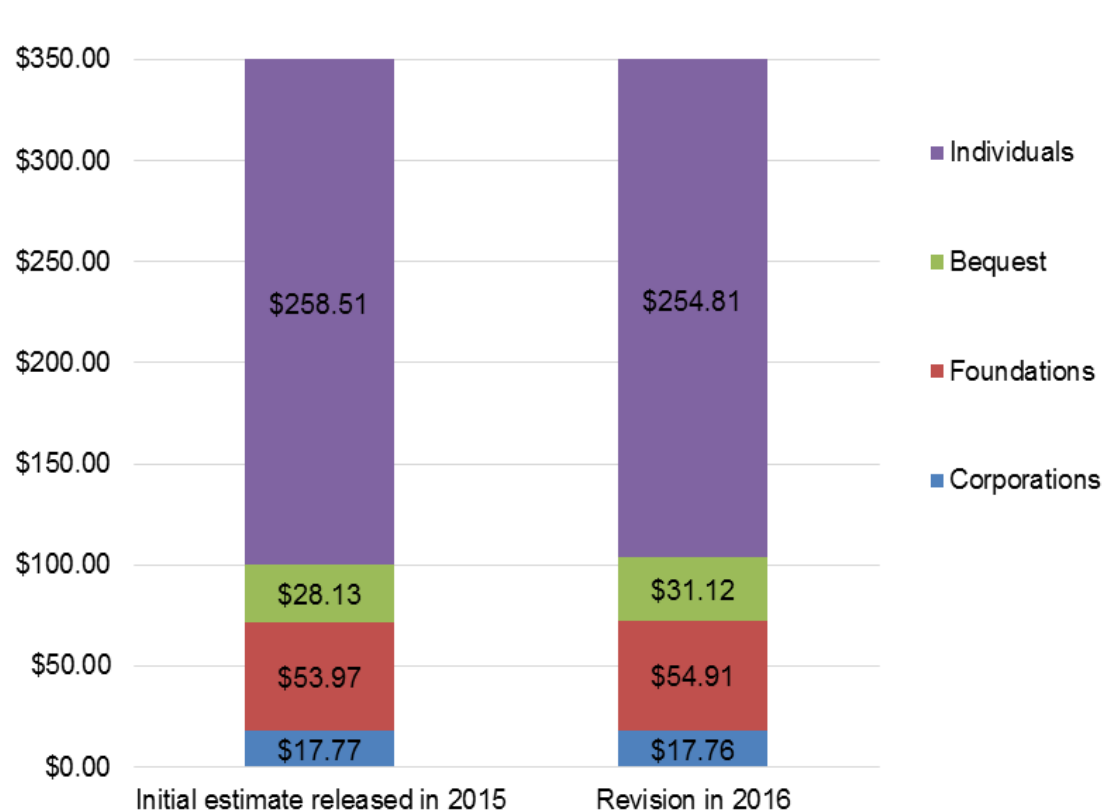
- Individual giving is lower by 1.4 percent
- Corporate giving is lower by 0.1 percent.
- Bequest giving is higher by 10.6 percent.
- Foundation giving is higher by 1.7 percent.

Figure 2

Comparison of estimates for 2015, initial and revised

Total for 2015 edition = \$358.38 billion

Total for 2016 edition = \$358.60 billion



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HOW DO GIVING USA'S ESTIMATES COMPARE TO RESULTS FROM OTHER STUDIES ABOUT GIVING IN 2015? WHY ARE GIVING USA'S NUMBERS DIFFERENT?

Giving USA has historically been the most accurate indicator for charitable giving in the United States. With a history going back to 1956, rigorous, tested and published methods, and comprehensive review of both sources and uses of giving, *Giving USA* is the best measure for changes in macro-level charitable giving. Nevertheless, many other studies prove very valuable in estimating giving within particular subsectors or by source. These studies are listed below.

Surveys

Giving USA estimates use a calendar year. Other studies, such as those from the Council for Aid to Education (which reports on giving to education) and the Association for Healthcare Philanthropy (which reports on giving to certain types of health organizations), use a fiscal year and categorize contributions by recipient organizations differently than does *Giving USA*. Because different periods are used and different categories are counted, estimates differ.

As an example, results for 2015 in the Council for Aid to Education's (CAE) annual Voluntary Support for Education survey (VSE) reveal that giving to education rose 7.6 percent between fiscal years 2014 and 2015, reaching \$40.3 billion.¹⁶⁰ The report is based on a fiscal year, and the fiscal year includes the second half of calendar 2014 and the first half of 2015. In addition, only giving to colleges and universities was included in this figure, while *Giving USA* captures giving to all types of educational organizations (except directly to public schools), including higher education; the foundations of public, private, and charter K-12 schools; after-school and tutoring programs; libraries; and programs focusing on education research and policy. *Giving USA* estimates that giving to education rose by 8.9 percent in 2015 and totaled \$57.48 billion.

The Nonprofit Research Collaborative reports the share of organizations reporting changes in giving between particular time periods. For 2015, 65 percent of organizations overall saw an increase in charitable gift amounts received.¹⁶¹ The NRC uses a non-representative sample that includes a panel of organizations that respond year to year.

Another analysis is CECP's *Giving in Numbers Survey* about annual corporate giving.¹⁶² CECP's annual report is helpful for providing context for *Giving USA's* data on corporate

¹⁶⁰ "Colleges and Universities Raise Record \$40.30 Billion in 2015," Council for Aid to Education, January 27, 2016, www.cae.org/images/uploads/pdf/VSE_2015_Press_Release.pdf. A fiscal year is July 1 to June 30

¹⁶¹ *Winter 2016 Nonprofit Fundraising Study*, Nonprofit Research Collaborative, 2016, www.npresearch.org

¹⁶² *Giving in Numbers 2015 survey*, CECP and The Conference Board, 2016, <http://cecp.co>. CECP data is not representative of all corporations or the overall trend in corporate giving for the years reviewed. Note that not all companies answered all questions.

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contributions, but cannot be compared directly with *Giving USA* because of different ways of categorizing the types of gifts received. CECP's report also releases different types of analyses in its annual report based on survey responses from companies, some of which are included in a matched set of responding organizations and some of which are not. Corporations responding to CECP's annual survey are not nationally representative of giving by all corporations and include giving by only very large, global companies, including a small sample of companies based overseas. According to the survey, 47 percent of surveyed companies increased their giving between 2013 and 2015.

Other macro-economic analyses

Blackbaud's Index of Charitable Giving

***Giving USA* estimate for 2015: \$373.25 billion, +4.1%**

Blackbaud's Giving Index reported **an increase of 2.9% percent (current dollars)** in giving for the 12-month period ending in December 2015, compared with the same period in 2014.¹⁶³ The Blackbaud Index uses giving data from 5,855 organizations across the nonprofit sector, representing total charitable revenue of \$19.4 billion in 2015.

Generally, *Giving USA*'s estimates trend closely with Blackbaud's. However, there are some differences, which can be attributed to the difference between Blackbaud's sampling base and *Giving USA*'s aggregate dataset:

Blackbaud reports moderate growth at higher education organizations (2.2 percent) and a moderate decline at K-12 organizations (-0.6 percent), whereas *Giving USA* estimates a much larger growth rate for all educational organizations (8.9 percent).

Blackbaud also reported slow growth for environment/animal organizations (1.8 percent), whereas *Giving USA* reported a more robust increase for the environment/animal subsector (6.2 percent).

¹⁶³ This information was provided to *Giving USA* directly from Blackbaud in May 2016. The Blackbaud Index of Charitable Giving assesses changes in total charitable giving from year to year using a three-month rolling median of the charitable revenue reported by a selected sample of U.S. nonprofits. This information reflects data on total charitable giving reported by 5,855 organizations across the nonprofit sector, representing total charitable revenue of \$19.4 billion in 2015. Online giving data are reported by 3,865 nonprofits with charitable support amounting to \$2.2 billion in 2015. Month-by-month Blackbaud Index data on both online and total giving are available at www.blackbaud.com/nonprofit-resources/blackbaud-index. Note that Blackbaud data are constantly being updated; therefore, figures published in *Giving USA* may vary from current figures.

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Blackbaud also reported a moderate decline for giving to human services organizations (-0.6 percent), whereas *Giving USA* reported a robust increase for human services (9.7 percent).

For the public-society benefit subsector, Blackbaud reported a nearly flat increase (0.5 percent), whereas *Giving USA* found a much larger growth rate (6.0 percent) to public-society benefit organizations.

Atlas of Giving

The Atlas of Giving originally estimated a negative growth rate for giving in 2015, predicting a decline of -3.2 percent.¹⁶⁴ Atlas' interim prediction for giving was revised to a more substantial increase of 4.6 percent in 2015. Atlas of Giving does not publish its methods. The website says Atlas employs algorithms "built upon the fact that charitable giving is directly tied to specific individual economic and demographic factors. A team of 25 PhD level mathematicians, analysts and statisticians evaluated more than 70 possible variables and their interactions with charitable giving outcomes over four decades."¹⁶⁵

Key points to consider:

- Both *Giving USA* and Atlas of Giving produce estimates of charitable giving at the national level, by donor source and recipient source. *Giving USA* never considers its estimates "final" as new data may always become available.
- *Giving USA* began creating estimates for charitable giving in 1956. The Indiana University Lilly Family School of Philanthropy began researching and writing *Giving USA* in 2001. *Giving USA* data goes back to 1955. *Giving USA* is published annually as a service to nonprofits and the sector. Atlas of Giving began estimating charitable giving in 2010 (its earliest estimates are on 2010 giving). Rob Mitchell is the CEO, and Atlas of Giving is run as a for-profit firm.
- *Giving USA*'s statement concerning Atlas of Giving's methodology:

Developing charitable giving estimates is difficult work. *Giving USA* has been refining its approaches for over a half-century and is the longest-running source of charitable giving data in the world.

Giving USA stands behind its methodology with the utmost transparency. *Giving USA* stands apart from other research on charitable giving data, including Atlas of Giving, because it follows these established scientific principles:

¹⁶⁴ See <http://www.atlasofgiving.com/>

¹⁶⁵ See <http://www.atlasofgiving.com/>

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- *Giving USA* is transparent with its methodology and the data that it uses to create charitable giving estimates on an annual basis.
- *Giving USA* is peer-reviewed by leading scholars of nonprofits, philanthropy, and economics, as well as leading practitioners in the non-profit sector.
- Its transparency, *Giving USA* is replicable and verifiable.

Giving USA estimates are scientifically rigorous. During its history, *Giving USA* has tested over 700 variables that potentially correlate with charitable giving by households and by corporations. *Giving USA* incorporates only those variables into its methodology that have been scientifically proven to predict charitable giving. By comparison, Atlas of Giving has tested 70, according to its website and CEO.

Other than noting this information on its website, Atlas of Giving provides no details on how it derives its giving figures and forecasts. Therefore, it is difficult to critically analyze the reliability and accuracy of its methods.

The Philanthropy Outlook: 2015 and 2016

The Philanthropy Outlook, 2015 and 2016, researched and written by the IU Lilly Family School of Philanthropy and presented by Marts & Lundy projects charitable giving for the years 2015 and 2016. For more information about the Philanthropy Outlook, please contact Adriene Davis Kalugyer at 317-278-8972 or adrldavi@iupui.edu.

Appendix A

Variables used in the itemizer model for giving by individuals, in percent changes

- **Change in personal consumption:**
http://www.bea.gov/iTable/index_nipa.cfm
 2010-2011: 4.8 percent change (4.8 percent reported last year)
 2011-2012: 3.4 percent change (3.7 percent reported last year)
 2012-2013: 3.1 percent change (3.6 percent reported last year)
 2013-2014: 4.2 percent change (3.9 percent reported last year)
 2014-2015: 3.4 percent change
- **S&P 500 year end (linear and squared):**
<http://research.stlouisfed.org/fred2/series/SP500/downloaddata>
 2009-2010: 12.8 percent change
 2010-2011: 0 percent change
 2011-2012: 13.4 percent change

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2012-2013: 29.6 percent change
 2013-2014: 11.4 percent change
 2014-2015: -0.7 percent change

- **Tax price/rate (linear and squared):**
 2015: \$60.4 per \$100 (Unchanged from 2013)

Important variables not in the individual giving model, but in the report, in percentage changes:

- **Personal income:**
http://www.bea.gov/iTable/index_nipa.cfm
 2010-2011: 6.2 percent change (6.2 percent reported last year)
 2011-2012: 5.0 percent change (5.2 percent reported last year)
 2012-2013: 1.1 percent change (2.0 percent reported last year)
 2013-2014: 4.4 percent change (4.0 percent reported last year)
 2014-2015: 4.4 percent change
- **Disposable personal income (current \$):**
http://www.bea.gov/iTable/index_nipa.cfm
 2010-2011: 5.0 percent change (5.0 percent reported last year)
 2011-2012: 5.1 percent change (4.9 percent reported last year)
 2012-2013: -0.1 percent change (1.0 percent reported last year)
 2013-2014: 4.2 percent change (3.8 percent reported last year)
 2014-2015: 3.7 percent change
- **GDP (current \$):**
http://www.bea.gov/iTable/index_nipa.cfm
 2010-2011: 3.7 percent change (3.7 percent reported last year)
 2011-2012: 4.1 percent change (4.2 percent reported last year)
 2012-2013: 3.1 percent change (3.7 percent reported last year)
 2013-2014: 4.1 percent change (3.9 percent reported last year)
 2014-2015: 3.5 percent change
- **Price Index for personal consumption expenditures (2005=\$100):**
http://www.bea.gov/iTable/index_nipa.cfm
 2010-2011: \$112.89, 2.5 percent change (2.5 percent reported last year)
 2011-2012: \$115.02, 1.9 percent change (1.8 percent reported last year)
 2012-2013: \$116.60, 1.4 percent change (1.2 percent reported last year)

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2013-2014: \$118.26, 1.4 percent change (1.3 percent reported last year)

Most recent changes in key economic factors

- **Corporate pre-tax profits:** (Bureau of Economic Analysis:
http://www.bea.gov/newsreleases/release_archive.htm)
 2010-2011: -1.8 percent change (-1.8 percent reported last year)
 2011-2012: 17.9 percent change (18.2 percent reported last year)
 2012-2013: 1.4 percent change (4.5 percent reported last year)
 2013-2014: 2.1 percent change (8.3 percent reported last year)
 2014-2015: 3.3 percent change
- **Price Index for personal consumption expenditures (2005=\$100):**
http://www.bea.gov/iTable/index_nipa.cfm
 2010-2011: \$112.89, 2.5 percent change (2.5 percent reported last year)
 2011-2012: \$115.02, 1.9 percent change (1.8 percent reported last year)
 2012-2013: \$116.60, 1.4 percent change (1.2 percent reported last year)
 2013-2014: \$118.26, 1.4 percent change (1.3 percent reported last year)
 2014-2015: \$118.62, 0.3 percent change
- **GDP (current \$):**
http://www.bea.gov/iTable/index_nipa.cfm
 2010-2011: 3.7 percent change (3.7 percent reported last year)
 2011-2012: 4.1 percent change (4.2 percent reported last year)
 2012-2013: 3.1 percent change (3.7 percent reported last year)
 2013-2014: 4.1 percent change (3.9 percent reported last year)
 2014-2015: 3.5 percent change