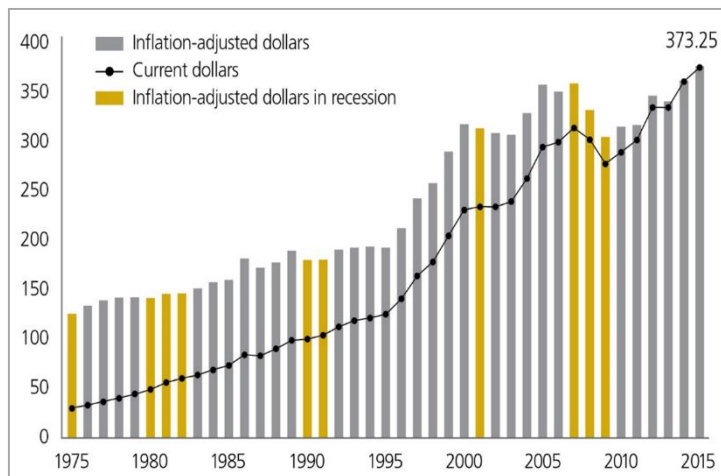


# Giving USA 2016: Implications for Higher Education

## Total Giving

According to *Giving USA 2016*, total charitable giving in the United States grew by 4.1 percent to \$373.25 billion in 2015. This marks the highest total amount given in the 40 years *Giving USA* has tracked this data, both in current dollars and when adjusted for inflation.

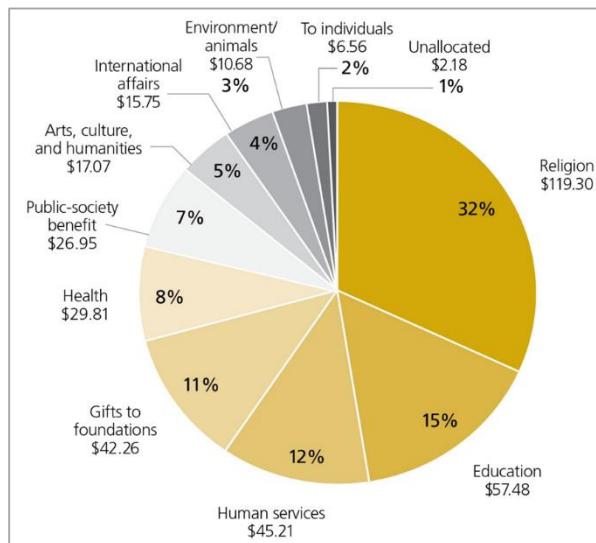


SOURCE: Total giving 1975-2015 (in billions of dollars), Giving USA Foundation™ | *GIVING USA 2016*

The past decade has been a tumultuous one for both the economy and philanthropy. This data suggests that the years of crisis and ensuing period of recovery have now been replaced by a period of stable growth. For the past six years, total giving to charitable causes in America has steadily increased. Giving by all the primary sources of philanthropic dollars – foundations, corporations, individuals, and charitable bequests – have reached new heights when measured in current dollars. When we look at recipient organizations, all but one subsector (giving to foundations) experienced positive growth from 2014 to 2015, and five different

subsectors (education, public society benefit, international affairs, the arts and the environment/animals) saw growth of 5 percent or more during that time period.

This growth has occurred within a context of numerous disruptive changes. After a period of strong growth, stock markets which fueled much of the initial economic growth following the recession became more erratic in 2015, rising and falling dramatically throughout the year, before ending December close to where they started. While Baby Boomers continue to be the primary major donors for most organizations, the leading edge of that generation turned 70 years old last year and is moving out of its prime earning and working years and potentially shifting household giving preferences. Meanwhile Millennials, who were once forced to move home by stagnant labor markets, are now enjoying the fruits of a revived economy and looking for ways to engage philanthropically. Online giving tools that used to be cutting edge have now become a mainstay of fundraising and an expected option for not just young donors, but connected supporters of all ages.



SOURCE: Total giving 1975-2015 (in billions of dollars), Giving USA Foundation™ | *GIVING USA 2016*

## What this Means for Colleges and Universities:

*Giving USA* estimates that giving to education organizations (of which giving to higher education accounts for 70 percent of the dollars) increased 8.9 percent in 2015 to \$57.8 billion. This tracks closely with similar results from the Council for Aid to Education's *Voluntary Support of Education* (VSE) survey, which found a record 7.6 percent increase in contributions to higher education organizations during the same time period.

## Giving to Education

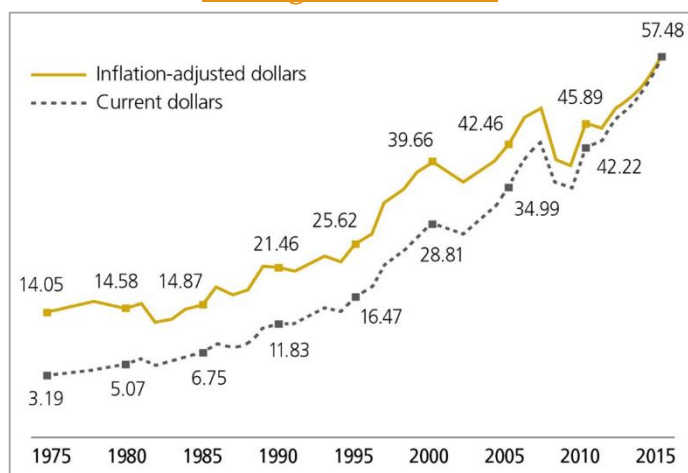
Over the past two years, *Giving USA* estimates that giving to education grew 16.4 percent, which outpaced growth in all but one other subsector (giving to the arts). Perhaps more impressive, giving to education experienced the largest absolute growth of any subsector in 2015, increasing \$4.7 billion dollars.

This tremendous growth has been driven largely by the generosity of individual donors, who provided 46.8 percent of all contributions to higher education in 2015 according to the VSE. A slight majority of these individual gifts (57 percent) came from alumni. Giving from alumni grew at an impressive rate of 10 percent in 2015, but that increase was dwarfed by the dramatic 23 percent increase in giving from non-alumni individuals.

Giving by high net worth donors has likely fueled this rapid growth. Several studies have found that giving by wealthy individuals increased more quickly following the recession than giving by low and middle income households. High net worth households felt the benefits of the economic recovery more quickly than those at the lower end of the economic scale, which has allowed them to give more, and studies have consistently found that education organizations are the most likely recipients of gifts from high net worth households. The end result has been, and will likely continue to be, tremendous opportunity for higher education institutions.

Suggested steps for maximizing fundraising within this context include:

- ▶ **Invest in your major gifts program.** Overall growth in giving to the nonprofit sector and giving to the education subsector has primarily been produced by the increased giving of individuals – specifically high net worth individuals. Though this portion of the higher education development portfolio has always been an efficient and important source of gifts, it may also be the area with the most potential for continued growth at this time.
- ▶ **Maintain and/or upgrade your institution’s capacity to engage donors online.** Blackbaud analyzed data from its partner organizations in 2015 and found that higher education institutions experienced 15 percent growth in online giving in 2015. That was the largest growth in online giving experienced by any subset of Blackbaud clients during that time. The same data found online giving programs at higher education institutions generated increases in the median online gift size, as well as the number of first time donors captured, and the number of repeat donors.
- ▶ **Engage donors in your areas of highest need.** 2015 saw a growth in giving to current operations (up 13 percent) according to the VSE, but we also know that a large number of sizable capital campaigns also reported success, including numerous significant – even transformative – capital campaign gifts in 2015. This data suggests that donors are ready and willing to respond to the needs of their favored institutions.
- ▶ **Be cognizant of college debt and the role it will play in giving decisions.** The national conversation regarding growing individual college debt has taken on a new level of prominence during this presidential campaign year, and is likely to continue to be a topic among current and future donors. Help older more established donors understand that philanthropy is part of the solution to the debt issue, and work to find ways to engage younger donors in giving back to their alma mater even when debt may limit their means and inclination to give financially.



SOURCE: Total giving 1975-2015 (in billions of dollars), Giving USA Foundation™ | GIVING USA 2016