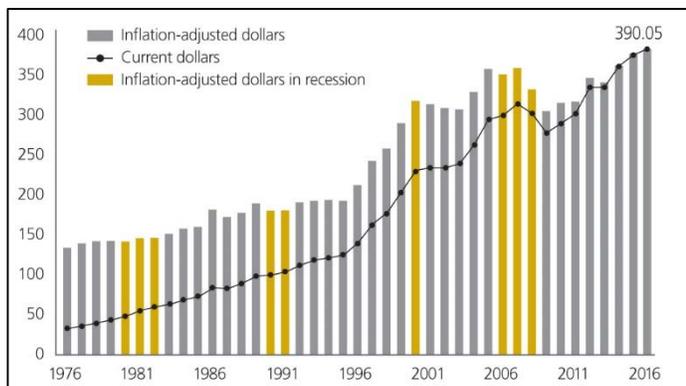


Giving USA 2017: Implications for Higher Education

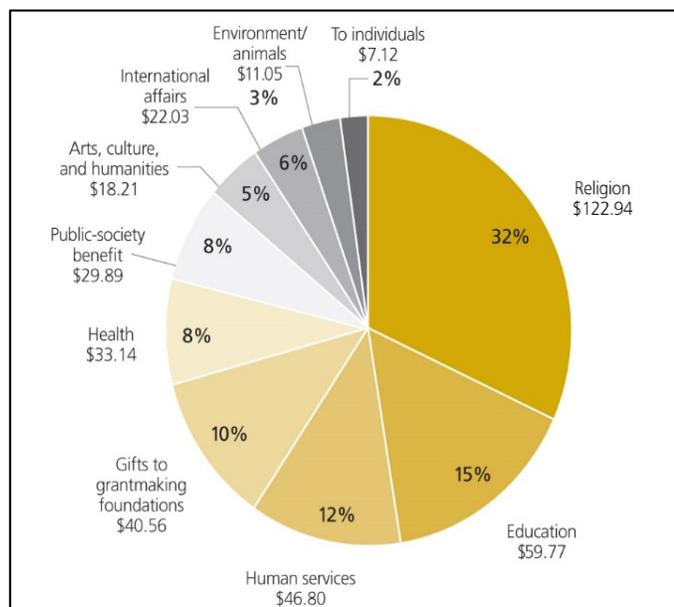
Total Giving

According to *Giving USA 2017: The Annual Report on Philanthropy for the Year 2016*, total charitable giving in the United States grew by 2.7 percent to \$390.05 billion in 2016. 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 1976-2016 (in billions of dollars), Giving USA Foundation™ | *GIVING USA 2017*

After weathering the recession's effects on the economy and philanthropy, data shows the past seven years as recovering steadily, though not without some turbulence. The same can be said of 2016, with good overall growth despite the uncertainty of a presidential election year. Giving to every category of recipient organizations increased when measured in current dollars, and all but three exceeded their previous high marks. Four different subsectors (health; arts, culture and humanities; environment/animals; and international affairs) saw growth of 5.7 percent or more during the previous year. Giving by the primary sources of philanthropic dollars – foundations, corporations, individuals, and charitable bequests – increased by 3.5 percent or more, except for bequests, which saw a decline of 9 percent.



SOURCE: Total giving 1976-2016 (in billions of dollars), Giving USA Foundation™ | *GIVING USA 2017*

This overall growth continues a positive seven-year trend, but growth in 2016 is considered moderate overall. It is encouraging that giving continues to increase in the face of an evolving national economic and political climate. Specific sectors have reacted significantly to the uncertain times, such as international affairs and environment/animals, which saw significant growth in giving of 5.8 and 7.2 percent, respectively. Health (5.7 percent) and the arts, culture, and humanities (6.4 percent) subsectors also saw strong growth in 2016. Research suggests that growth in certain sectors may have resulted from "rage donations," defined as donations motivated by a frustrated reaction of some donors in response to post-election policy changes.

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 total) increased 3.6 percent in 2016 to \$59.77 billion. The Council for Aid to Education's *Voluntary Support of Education (VSE)* survey shows that individual giving (alumni and non-alumni) to education declined by 7.4 percent, while contributions from corporations and foundations grew by 14.8 percent and 7.3 percent, respectively. That said, giving from individuals still comprises the largest source of funds given.

Over the past two years, *Giving USA* estimates that giving to education grew 12.5 percent, which was surpassed only by the growth in giving to international affairs (20.7 percent) and environment/ animals (13.5 percent).

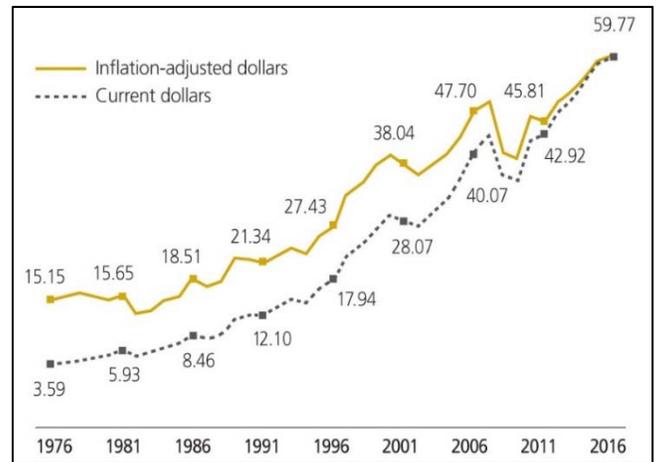
According to the VSE study, alumni giving accounted for 24.2 percent of total giving to higher education institutions in 2016, a smaller proportion than the previous year. However, this decline comes on the heels of extraordinary growth in individual giving in 2015 (10.2 percent from alumni and 23.1 percent for non-alumni).

Giving to education continues to be the most popular philanthropic cause for high net worth donors, according to the Wealth-X and Arton 2016 report, *Changing Philanthropy: Trend Shifts in Ultra Wealthy Giving*. This report notes that 47 percent of donations from high net worth individuals reportedly went to education, with 22 percent supporting higher education specifically. These results continue to bode well for higher education institutions.

Suggested steps for maximizing fundraising within this context include:

- ▶ **Continue to focus on major gifts from individuals.** Individuals continue to be the largest constituency to support education, so relationship-based fundraising is as important as ever. It will be important to stay in tune with donors' current interests and passions as our national climate changes. Knowing your donor's affiliation to the institution is not enough; their interests may evolve over time and keeping in touch with them will help you stay up-to-date and allow you to update them regularly on institutional news.
- ▶ **Engage donors online in creative ways.** Blackbaud's analysis of data from its partner organizations found that higher education institutions experienced 13.2 percent growth in online giving in 2016, continuing the impressive growth from 2015 (15.2 percent). Online giving clearly has become a preferred method of contributing to higher education, so investing in efficient technology and training for a polished and highly effectual online presence will be worth your efforts.
- ▶ **Cultivate donors for endowment support.** Seventy-four percent of U.S. colleges and universities report an increase in their endowment spending, according to the National Association of College and University Business Officers *Educational Endowment Report*, though giving to endowments is not keeping up. With the upcoming generational transfer of wealth, it will be important to cultivate planned gifts in particular to support endowment needs for the future. Donors will, of course, expect transparency on the endowment spending policy to ensure proper stewardship.
- ▶ **Pay attention to corporations and foundations.** The significant increase in giving from corporations and foundations should encourage efforts to actively maintain existing relationships and cultivate new prospects in these areas. While giving by community foundations grew the most in 2016, at 9.9 percent, independent foundations still represent by far the largest share of foundation grantmaking at 76.2 percent (with 13 percent from community foundations and 10.9 percent from operating foundations). It is important to note that grantmaking decisions for an independent foundation are often driven primarily by the individual donor who controls that family or private foundation, emphasizing the need for strong one-on-one donor relationships rather than an investment in additional grant writers.

Giving to Education



SOURCE: Total giving 1976-2016 (in billions of dollars), Giving USA Foundation™ | *GIVING USA 2017*