

THE CHRONICLE OF PHILANTHROPY



GIVING

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Nonprofits are bracing for a tough fundraising year as the first six months of 2023 demonstrate that donors are holding back their contributions.

And with Tuesday's release of "[Giving USA](#)," the annual estimate of contributions from foundations, individuals, and corporations, it's now clear just how big a giving hole charities will be trying to fill in 2023.

The report found that 2022 was one of the worst years in philanthropy history. Giving dropped 10.5 percent after inflation, marking only the fourth time that donations have fallen since Giving USA started keeping track in 1956.

Perhaps most alarming is that giving by individuals, who typically provide the bulk of all donations, fell by 13.4 percent after inflation. Donations from individuals accounted for just 64 percent of all gifts, the fourth year in a row such contributions made up less than 70 percent of all giving.

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The decline is a key reason that donations to charities from private sources were just shy of \$500 billion, compared with the \$558 billion contributed in 2021 and \$550 billion in 2020 as Americans raced to help battle the impact of the pandemic and bolster racial-justice groups in the wake of George Floyd's murder.

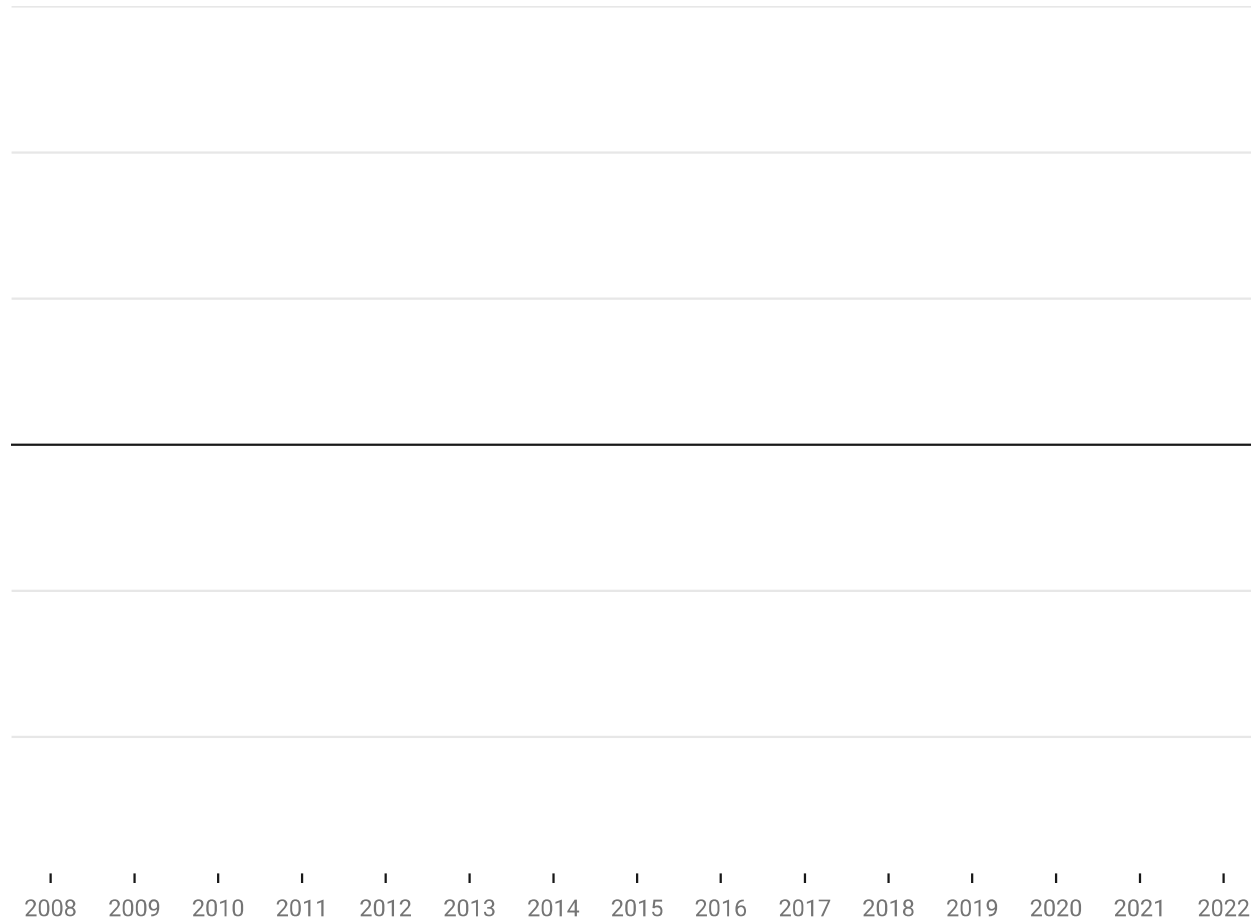
Departure From the Past

Previously, drops in giving could be directly attributed to major national and global economic crises.

Donations fell in 2008 and 2009 during the Great Recession, triggered by the housing meltdown. They also dropped in 1987 after the stock market fell faster in a single day than at any other time in history.

Individual Giving, the Great Recession to Post-Pandemic

Year-over-year change in giving by individuals; adjusted for inflation



0.13%

[Get the data](#) • Created with [Datawrapper](#)

But in the past year or more, nonprofits have been hobbled by a very different kind of economic tumult. Inflation of 8 percent in 2022 depressed giving by small-dollar donors while significant stock-market losses prevented wealthier donors from giving big, fundraisers say.

“Pick a bigger donor who gave \$100,000 the year before. They’re not thinking, I should give \$108,000 because of 8 percent inflation or something,” says Josh Birkholz, chair of the Giving USA Foundation, which publishes the annual report on philanthropic giving, and chief executive at BWF, a fundraising consulting firm.

Inflation’s toll meant many of the nonprofit causes that chalked up increases in total dollars, still fell behind in purchasing power of the sums they raised. Health organizations raised 5.2 percent more than in 2021, for instance, but after inflation, that’s really a 2.6 percent loss.



NIKITA HLAZYRIN, PROJECT HOPE

International aid was the only cause that raised more than the year before after adjusting for inflation.

The only cause that beat inflation was international affairs because the war in Ukraine and other global catastrophes inspired donors to open their wallets wide. Total donations to those groups grew 2.7 percent after inflation. At Project HOPE, which works around the world, contributions grew 207 percent from 2021 to 2022 — \$27 million to \$56 million. Donations wealthy Americans made to foundations also surpassed inflation, rising 1.9 percent.

High inflation is [impacting nonprofits'](#) ability to carry out their missions, says alicia sanchez gill, executive director of the Emergent Fund, a group that provides grants to small and new nonprofits for rapid-response efforts, mostly focused on LGBTQ issues.

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VIDEO

Experts Share Tips on Fundraising Amid Uncertainty

“The price of everything has gone up,” gill says. “So if you’re running a shelter, the price of housing has gone up. The price of food has gone up. Often funds like ours are helping to fill a gap so that LGBTQ organizations can really hold on to those precious general operating funds as we see inflation continue to rise.”

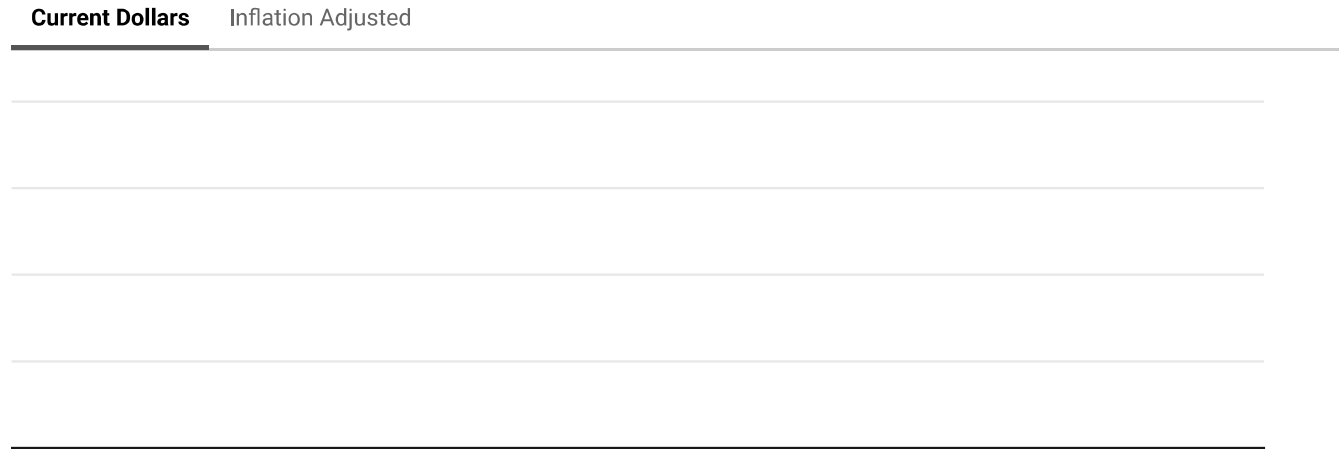
To be sure, signs that inflation is easing in 2023 abound, but the Federal Reserve has made clear it still may need to increase interest rates — and that makes the stock market and donors jittery.

Una Osili, who oversees “Giving USA” research at Indiana University’s Lilly Family School of Philanthropy, says fundraisers can learn a lot from what has worked in previous periods of economic volatility.

“You don’t stop engaging with donors, you don’t stop working with them,” she warns. The reason, she says: “What we found is that organizations that stopped building those relationships had a much harder time recovering.”

Inflation Wipes Out Gains

Five of nine causes saw giving grow in 2022. But inflation's bite eliminated those gains for all but two.



5.2%
Health
Education
Arts and Humanities
Human Services
Environment
International
Other
Disaster Relief
Animal Welfare
Giving USA 2022 • [Get the data](#) • Created with [Datawrapper](#)

Sources of Funding

Another key finding from the “Giving USA” report is just how much the sources of giving are changing. Foundations provided more than 20 percent contributed to charity. In 2012, they provided just 13 percent of all giving.

And donor-advised funds continue to climb in importance. Last year Fidelity Charitable’s donors awarded [\\$11.2 billion](#), \$1 billion more than the previous year and more than at any other time since the organization was created in 1991.

“The funding map looks quite different now,” says Anna Pruitt, managing editor of “Giving USA.”

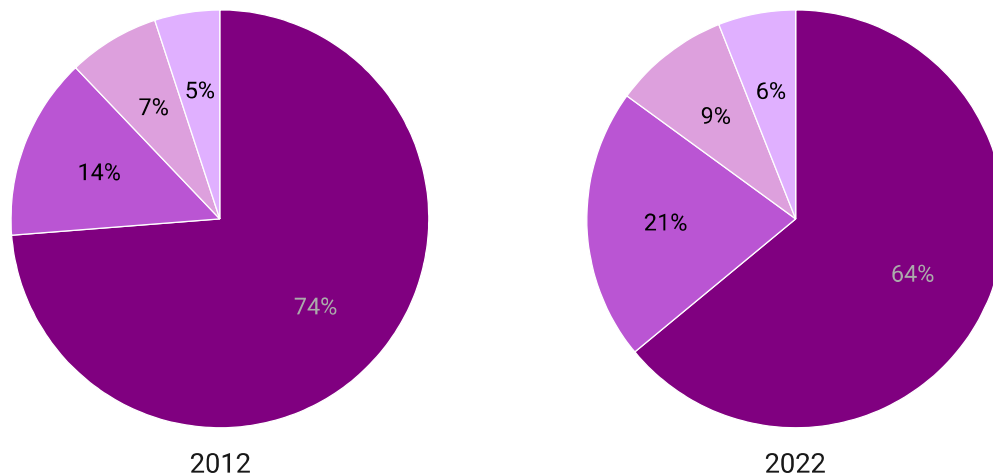
And perhaps most striking is the fact that just a handful of America’s wealthy contributed a big share of the total. Gifts of \$500 million or more accounted for 5 percent of all giving from individuals in 2022, according to the report.

Three percent — or \$13.96 billion — of 2022’s total charitable giving came from just six individuals and couples.

Sources of Charitable Giving, 2012 vs. 2022

Adjusted for inflation

Individuals
Foundations
Bequests
Corporations



Source: Giving USA • [Get the data](#) • Created with [Datawrapper](#)

Contributions Decline

Some preliminary signs for the year ahead suggest foundations and big donors are slowing their giving.

According to a [Chronicle analysis](#) of contributions of \$1 million or more made in the first five months of 2023, nonprofits received 213 gifts worth a total of \$5.2 billion. In the same time in 2022, nonprofits received 261 gifts worth a total of \$7.4 billion.

And an early estimate from Candid, which studies foundation data, suggests a lot of belt tightening at foundations, whose assets have been affected by the bumpy stock market.

Cathleen Clerkin, senior director of insights at Candid, says early results of a 2023 survey her group is conducting suggests that 27 percent of foundations plan to decrease their giving. Last year, 44 percent planned to increase giving, while only 9 percent expected decreases.

“This year, the story seems pretty different,” she says. “Twenty-seven percent of folks are saying that they anticipate decreasing their giving this year and about half of folks are saying that they’re planning on holding stable.”

For fundraisers, news about flat giving rates are especially troubling because of the impact of inflation.

Elise Colomer-Cheadle, director of development at OutRight International, a global LGBTIQ organization, says she fears that grant makers don’t recognize how much nonprofits are harmed by rising costs.

“I’m not sure foundation gifts are accounting for inflation,” she says. “When all is said and done, that means the value of their gifts are not the same this year than they were last year.”

As for donor-advised funds, signs suggest donors aren’t putting a lot of new money into them. Donations made to funds at Fidelity Charitable were [flat](#) last year, and Vanguard Charitable donors [contributed](#) \$1.2 billion less to their funds last year, a drop of 29 percent.

Elaine Kenig, chief communications officer at Vanguard Charitable, says that nonprofits should be heartened to hear that donors are channeling more money out of their funds.

“Our donors have granted 21 percent more dollars to charity compared to the same period last year. And the majority of those grants continue to be unrestricted,” she says.

Many donors are also setting up recurring gifts from their funds. Last year 19 percent of grants awarded by Vanguard's DAF holders were recurring. "That is something that we anticipate will continue to be used by our donors through 2023," she says.

Drop in Big Gifts in 2023

A Chronicle analysis indicates that donations of \$1 million or more slowed for many institutions in the first five months of this year compared the same period in 2022. MacKenzie Scott, for one, has publicly announced fewer gifts so far in 2023.

	Gifts Over \$1 Million		Total	
	2022	2023	2022	2023
Colleges and Universities	133	120	\$4.1 billion	\$3.1 billion
Health Organizations	38	29	\$1.2 billion	\$1 billion
Human and Social Services	12	7	\$576 million	\$470 million
International Groups	11	2	\$105 million	\$22 million
Museums	10	17	\$170 million	\$112 million
Veterans Groups	10	1	\$114 million	\$3 million

Source: "Big Charitable Gifts," Chronicle database of gifts of \$1 million or more • [Get the data](#) • Created with [Datawrapper](#)

Everyday Donors Need Attention

While the overall state of the economy is clearly the big force behind the decline in charitable giving, Danielle Vance-McMullen, an assistant professor at DePaul University who studies donor behavior, says [turnover and staffing](#)

[shortages](#) on fundraising teams may have exacerbated the problem. When the economy is in flux, she says, charities need to put far more effort into their fundraising operations.

They also need to focus more on finding and keeping a wider pool of people who give small or medium-size gifts so donations aren't so concentrated among the wealthiest, experts say.

“Individual giving is really important,” says Ann Mei Chang, CEO of Candid, the nonprofit that provides data on the social sector. “It helps build the fabric of our society for people to feel like they have a stake and are able to impact their communities.”

Chang says she's worried about data her organization has collected that shows that some nonprofits are concentrating most of their efforts on getting gifts from the wealthy.

“We're seeing some decline in the number of nonprofits that are asking for donations from everyday givers,” she says. “We see declines in email campaigns that are asking for donations. We may be seeing some nonprofits more focusing on those larger gifts rather than the large number of smaller gifts.”

Other philanthropy experts are also concerned about that trend.

“We've seen shops that have become almost exclusively big-game hunters, and it becomes part of the culture — you're not a cool kid unless you're on the major-gifts team,” says Laura MacDonald, head of the Benefactor Group. “Annual giving or middle giving are not the paths for significant career advancement. They aren't the folks who get called into the board meetings to be congratulated for their successes. Culturally, we need to begin to recognize the people who work to nurture everyday donors.”

Birkholz agrees. Nonprofits trying to climb out of the down years after the Great Recession overemphasized major gifts, he says, resulting in the dollars up, donors down trend fundraisers have come to know in recent years. He cautions fundraisers not to make that mistake again but to focus instead on “giving as a value of the American public” — not just the wealthy few.

Those everyday donors can sustain fundraising programs over the long term, says Christine Newkirk, a senior fundraiser at Project HOPE, the international aid group. Over the last five years, the charity has focused on attracting new donors and sending them regular, individualized messages by phone, email, and mail — and found success.

Since 2018, its share of donors contributing \$1,000 to \$9,999 has grown 194 percent, and total giving from those supporters has increased 330 percent.

“Don’t take your foot off the gas pedal, because you’re going to need to work harder to get those donors and retain them,” Newkirk says. “If there’s any way at all possible to maintain your investment levels for stewardship of the donors you have and acquiring new donors, then that’s going to help see you through in a healthier place on the other side of a recession.”

Interest in New Concepts

Nonprofits used to raise their general operating funds through donations from people who gave \$1,000 or more.

But now more and more people at that level shun such annual fund gifts.

Laura Frye, senior major gifts officer at From the Top, a radio show and podcast that showcases young classical musicians, says she has noticed donors rejecting annual-fund appeals and instead giving to specific projects.

When her charity pitched a scholarship fund, it raised \$200,000 for the scholarships in three months, a fairly quick turnaround time, she says.

“People like to support a specific project because they feel like they can see that their donation makes an impact,” says Frye.

What stumps Frye, she says, is how to persuade donors that general operating support matters just as much.

“How do we communicate that, and how do we make these asks?”

Laura Gardner, a Dartmouth major-gifts fundraiser, says she has found in the past year that wealthy donors have become more interested in supporting programs that are aimed at trying out new concepts.

That’s why her team has shifted to raising money for more short-term pilot projects where they can show donors a proof-of-concept or that the program has had some success before they ask a donor to endow and fully fund it.

Corporate Giving Slows

Corporations provide the smallest share of all giving — just 6 percent last year. The total contributed was \$29.5 billion, a 4 percent drop after inflation.

It’s likely that companies are giving even less in 2023. Fewer corporations increased their grant-making budgets this year, according to survey data compiled by the Association of Corporate Citizenship Professionals and expected to be released next month.

New survey data shows that only 29 percent have increased grant-making budgets this year, compared with 48 percent in 2021 and 42 percent in 2022.

What's more, 19 percent decreased budgets in 2023, making it the highest level of budget cutting since 2020, when uncertainty about the pandemic led 29 percent to slash budgets.

“Corporate investment in the community is slowing,” says Jeanne Metzger, vice president of marketing at the association.

Metzger noted that the decrease in corporate giving varies by industry, with technology and manufacturing “most negatively impacted.” Amazon, for example, ended its [Smile donation program](#) early this year amid employee layoffs.

Shift in Popular Causes

A striking part of the “Giving USA” research is how causes are shifting in popularity with donors.

Perhaps the most stunning performance has come from arts groups, whose donations grew 13.4 percent from 2020 to 2022, according to the report. Only international affairs groups saw higher growth in giving during that period, increasing 14.1 percent after inflation.

Birkholz, the fundraising consultant who chairs the Giving USA Foundation, says the pandemic changed the way many Americans felt about the importance of arts and culture in their lives. “It used to be thought of as self-actualization and the higher purpose,” he says. “But we realized — when meeting together, having human connection, thinking about the human spirit was taken away — that was actually an essential need that was robbed from us.”

Sani Silvennoinen, associate vice president of development at the Colonial Williamsburg Foundation, says 2021 and 2022 were the organization's two most successful fundraising years. In 2021 his team raised slightly more than \$100 million, and last year they raised more than \$81 million. The nonprofit is about 8 percent ahead of where it was in attracting donations last year at this time, and Silvennoinen thinks that positive trend will continue.

“We are seeing that people are definitely investing in us and are willing to give to us at the major gift and significant gift levels,” Silvennoinen says.



DARNELL VENNIE, THE COLONIAL WILLIAMSBURG FOUNDATION

The Colonial Williamsburg Foundation had great fundraising success in 2021 and 2022 and is about 8 percent ahead of where it was last year at this time.

Other cultural fundraisers are not as optimistic about the future. Gifts from individuals helped the Chicago Shakespeare Theater survive the pandemic, but its revenue from ticket sales has not returned to 2019 levels. Fundraisers also worry how much they can rely on individuals to make up for the pandemic-era government aid that has now dried up. Worse still, some corporate donors have pulled back their support, according to Kara Riopelle, managing director of the theater.

“We had the most incredibly generous base of donors who really carried us, and we’re in a very good financial position now,” she says. “But then how do you go back to that well?”

Education has long been the second most popular cause for donors, typically capturing the biggest share of charitable gifts after religion. This year, however, human services knocked it out of second place — by a whisker.

Gifts to religion represented 27 percent of total giving in 2022, while human services represented 14 percent and education 13 percent.

Total donations to colleges, schools, and other education groups declined nearly 11 percent last year.

Birkholz notes that [past research](#) has shown that education is a less popular cause among millennials and Gen Z donors than it is among boomers. That may be because younger college graduates are more focused on paying back the mammoth student-loan debt that older generations didn’t accrue, he says.

As colleges head into the end of their financial years, many are reporting slower giving, according to Karin George, managing principal at Washburn & McGoldrick, a consulting firm that works with schools and universities. Even

colleges that are coming off of record fundraising years are now scrambling to meet their fundraising goals, George says. She blames inflation and a rickety stock market for donors' hesitance to give.

With education now in third place, Birkholz wonders if the decline is a sign of a generational shift that could eventually elevate other causes over colleges and universities.

“Is this just the economic reasons that education giving did not climb, it actually went down this year? Or is there some aspect of the newer emerging younger donors who we see are starting to focus more on the environment and health care and less on education?”

An [infographic](#) is available now with the key data points. The entire “Giving USA” report, including a section on donor-advised fund giving, will be available July 11.

Maria Di Mento contributed to this article.

We welcome your thoughts and questions about this article. Please [email the editors](#) or [submit a letter](#) for publication.

FUNDRAISING FROM INDIVIDUALS

FOUNDATION GIVING

CORPORATE SUPPORT



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