

Philanthropy in a Turbulent Economy

Summary Report for Survey Respondents

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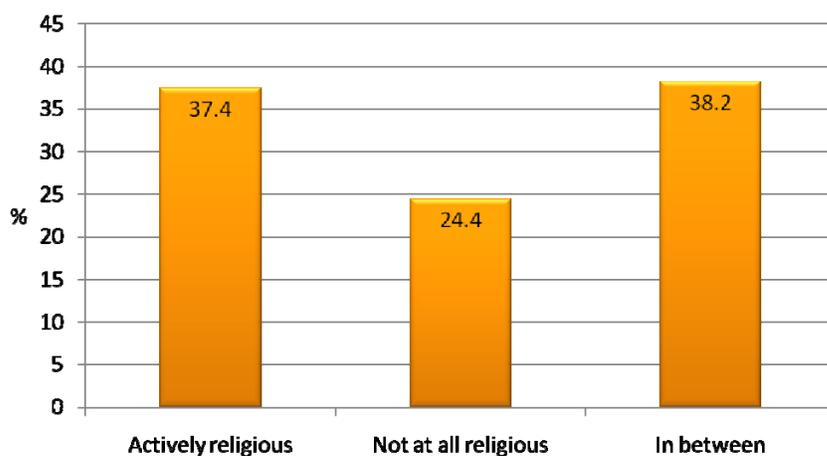
Survey Methodology

In January, 2009, Cygnus Applied Research, Inc. engaged almost 22,000 American donors in an on-line survey about how the economy is affecting their philanthropy. In order to achieve this unusually high rate of response, Cygnus partnered with sixty-nine not-for-profit organizations who reached out to their donors via email to request their participation. The survey asked questions about donors' long term and recent giving history, how the economic downturn has affected them personally so far, and whether and how the recession will impact their giving in 2009. 17,365 donors, all of whom had made one or more charitable gifts in 2008, answered every question in the survey, for a completion rate of 79.1%. Overall study results are accurate within a margin of error of +/-0.74%, nineteen times out of twenty.

Respondents' Characteristics

70% of survey respondents are female; all age groups are well represented, even donors under the age of 35 (12.7% of all respondents) and donors 75 years and older (3.9%). Every state is represented as well, as are donors living in rural, suburban and urban settings. Other respondent demographics include occupation, household income, religious practice, volunteer status and support of dependents.

Religious Practice



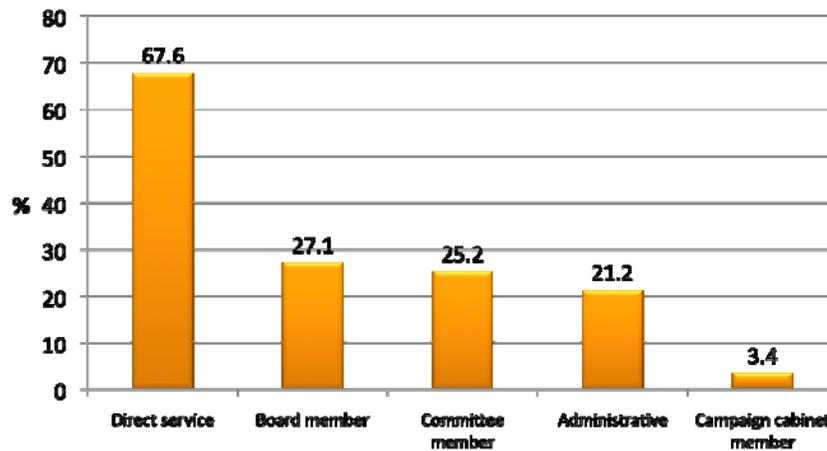
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FIGURE 1

At times like this, when my financial situation is threatened...it is difficult to trust my heart. My head gets in the way and tells me to be "practical" and "hold back." Collectively, if we are all doing that, we are in danger. I must trust my heart... regardless of the economic status...and continue to give. Be it time or money... whatever I have. And it would be a great service to the world to lead by example. Trust my gut and move my feet... even when I am afraid.

- One of twelve thousand comments offered by donors who participated in this study

Volunteer positions held currently or within the last 12 months



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FIGURE 2

How Respondents Gave in 2008

Respondents' giving patterns in 2008 were diverse. Taking all donors into account, total average giving was almost \$11,500, and high and low averages for single gift amounts to any charity were \$4,055 and \$72 respectively. Isolating the top 5% of donors in the study by gift value, their total average giving was \$170,000, and their average high and low gifts were \$59,000 and \$521 respectively.

It is interesting to note that respondents earning the highest incomes are not necessarily the most generous donors. Only 41% of donors giving in the top 10% by contributions to charity in 2008, earned over \$200,000.

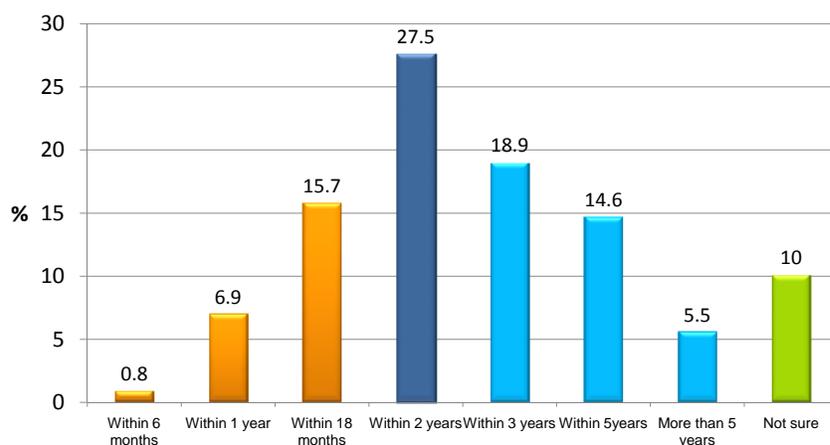
On the one hand, I have a lot of fear that my financial situation may take a turn for the worse (e.g. I could lose my job). On the other hand, I am very aware of the needs of others who have already felt the impact. So, I want to give more, and plan to give more, but also have a sense of caution about making commitments.

How Respondents Have Been Affected By the Economy

The downward economy has already had an impact on the majority of respondents. 41% have had a reduction in their income or lost their jobs, while 78.3% have had a decline in their investments. However, 75% of those whose investments have been affected say they don't need them yet and feel or hope the economy will recover before they do.

27.5% of respondents feel the economy will recover within two years, and 23.4% feel it will turn around more quickly than that. However, the largest number of respondents, 39%, feels it will be three years or more before the economy recovers.

When respondents expect the economy to recover



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FIGURE 3

Donors Are Giving Differently

Changes in giving practices were already in play long before the economy soured. When asked how their giving philosophy and practices had changed in the five years prior to the economic downturn, 40.1% indicated that they had stopped supporting not-for-profits that over-solicit. Cost-per-dollar raised in fundraising (which is connected to over-solicitation) was the second most serious concern of donors at 33.3%.

Although my investments have significantly declined in value, the amount I give to charities is a function of my income which has increased.

I was lucky. I got my new job in September when the economy tanked. It pays twice as much as my old job.

While my "nest egg" may be affected, my earnings are not, and that means I might as well give it away. If I invest it, it may still disappear!

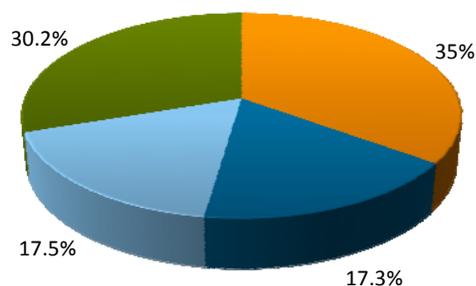
Donors also indicated that they do more research on charities before making a first-time gift (29.4%), something made possible by the growth in not-for-profit websites and the worldwide web. And, even though the number of charitable organizations has grown by over 35% in the last ten years, there is a strong trend among donors (28.6%) to support fewer not-for-profits with larger gifts. Only 13% of respondents indicated that there had been no appreciable change in how they gave to charitable causes between 2002 and 2007.

Donors Remain Committed to Philanthropy

In spite of their pessimistic views about economic recovery and concerns about negative fundraising practices, 52.3% of donors plan to give the same amount or more to charitable causes in 2009. Only 17.5% plan to give less. Whether not-for-profits' fundraising efforts will be successful or not, however, may lie in how they influence the 30.2% of donors who feel that it is too soon to tell about where their philanthropy will go this year.

Anticipated giving in 2009

■ No change ■ Increase in 2009 ■ Decrease in 2009 ■ Too soon to tell



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FIGURE 4

50% of respondents who are planning to give the same or more in 2009 said that they are willing to make compromises in other areas of their lives in order to sustain their philanthropy.

Among donors who plan to give less to charitable causes in 2009, 55% cite the economy as the main reason. The majority of these donors intend to keep supporting the same number of causes while reducing the value of contributions they make to each. While this approach seems fair-minded, it may make it harder

Local charities that I can support with both my time and money are more important than ever. This way I have a small say in how problems are addressed.

There is nothing worse than donating money to an organization and then seeing your small contribution show up in the form of multiple mailings, address labels, dimes pasted to envelopes, calendars, gift bags etc. Infuriating!

Instead of giving gift cards, I have decided to give a charitable donation to a worthy cause in the name of the person who would normally receive a gift card.

for charities to achieve profitability in some fundraising programs such as direct mail where it costs the same amount to secure a larger or a smaller gift.

How respondents will decrease their giving in 2009

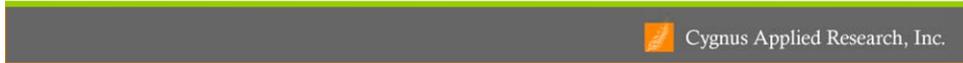
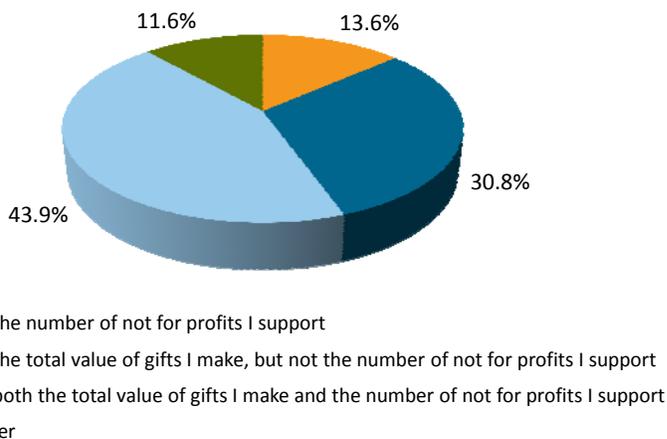


FIGURE 5

87% of donors currently committed to a multi-year gift (such as for a capital campaign) plan to fulfill those commitments in full and on time. However, not-for-profits may find it more difficult to start a new campaign in this economy. Only 2.7% of donors plan to give more to capital campaigns in 2009, while 14.6% will give less.

We have had to scale back our giving like everything else . . . we will continue to give, but at lower levels.

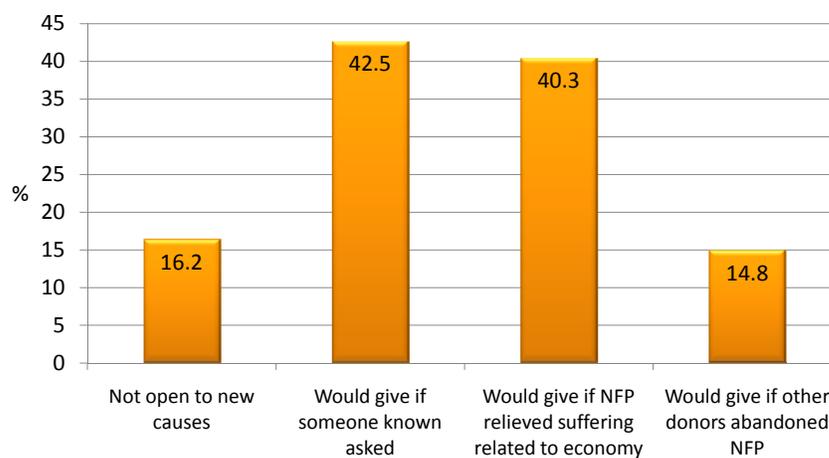
I've shaved off many of my traditional contributions, giving more to local charities like food banks.

I still plan to give but maybe smaller donations.

Donors Are Realistic and Open to New Causes

While there is a decided preference among respondents to give in this economy to organizations they have supported for a long time or for which they volunteer, most (83%) are open to supporting a cause for the first time, especially if someone they know personally or a leadership volunteer asks them for the gift. Causes that can position their services as highly relevant in this economy will fare better with attracting new donors than will causes that cannot make this claim.

Willingness to Make a First-Time Gift During the Economic Downturn



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FIGURE 6

Donors are also realistic about the possibility that fundraising performance overall might be down for some charities they support. Only 7.9% would refuse to give again if an organization that helped people hurt by the recession had to reduce service due to a downturn in fundraising. That number rises to 14.8% for organizations not serving people affected by the recession.

I am more inclined to give to organizations that make the most of my donations by changing their mission as social, political, economic, and community conditions change.

If you call me for money, I will probably turn you down, but if someone I know tells me of a particular fund raising event going on, I almost always participate.

Donors Are Changing How They Give

There is a wide array of fundraising programs through which donors give, but some methodologies may experience dramatic changes in popularity in 2009. Donors plan to give less (either less money, less often or both) through direct mail, telemarketing, and door-to-door canvassing but intend to give more through on-line giving on charities' websites and by making in-kind instead of cash gifts. Fundraising events will remain relatively stable and those that allow donors to be directly involved (such as run-a-thons) will be increasingly popular, especially with younger donors.

Trust is a prevalent theme throughout this study. Respondents are much more willing to give if a leadership volunteer asks for the gift or if another donor or group of donors offers to match funds given by all other contributors.

In addition to answering thirty-six questions in this survey, respondents were encouraged to offer opinions and advice on anything to do with fundraising or philanthropy. And, they did. This study is further enhanced by over twelve thousand comments from donors, some of which are published in the margins of this report.

How to Get More Information About This Research Study or About Fundraising and Philanthropy in This Economy

The full study report is available directly from Cygnus Applied Research, Inc. at www.cygresearch.com. As well, Cygnus' President and author of this study, Penelope Burk, posts a regular blog on philanthropy in a down economy, which is accessible from the same website.

Over two-thirds of respondents in this study volunteer for one or more not-for-profit organizations. If you are a member of a Board of Directors, you may be interested in learning more. Penelope Burk speaks on this topic and on other important fundraising matters around the country. Her schedule of speaking engagements and forums is posted on Cygnus' website. You can also take part in a webinar or arrange to have Penelope Burk speak to your Board or organization in a private session. For more information, please contact Pat Sinka, Manager, Customer Relations, at psinka@cygresearch.com.

Be creative, I know a number of people who are in tight economic circumstances such as myself, but we choose to go to benefits as our source of entertainment, combining our charitable gifts with a night out.