

Giving USA: Americans Gave \$335.17 Billion to Charity in 2013; Total Approaches Pre-Recession Peak

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Fourth consecutive year of growth driven by boost in individual giving; gains not equal across the board for all subsectors of charities

At an estimated \$335.17 billion, total charitable giving from U.S. individuals, corporations, foundations and bequests in 2013 approached the peak seen before the worst of the Great Recession, adjusted for inflation, according to research released today by Giving USA Foundation and its research partner, the Indiana University Lilly Family School of Philanthropy.

When measured in current dollars, 2013 marked the fourth straight year of increased giving. As reported in *Giving USA 2014: The Annual Report on Philanthropy for the Year 2013*, total giving has increased 22.0 percent since the official end of the recession in 2009 (12.3 percent when adjusted for inflation).

The 59th consecutive edition of *Giving USA*, the seminal annual report on charitable giving in America, confirms through data what people across the country seem to feel, said L. Gregg Carlson, president of Henderson, Nevada-based Carlson Fund Raising and chair of Giving USA Foundation, which publishes the report. “While this has been a particularly slow recovery, many charities are beginning to see the light at the end of the tunnel. Donors are increasingly more comfortable giving to the causes they care about and at a level in keeping with the impact they would like to make.”

Donations in 2013 increased 4.4 percent (in current dollars) from the revised estimate of \$320.97 billion for 2012. Adjusted for inflation, total giving rose 3.0 percent over the 2012 estimate.

Carlson added, “We are seeing clear gains in the total amount given by individuals in the last couple of years. In fact, the rise in contributions by individuals between 2011 and 2013 represents 73 percent of the growth in total giving during that period.”

Giving by individuals in 2013 was bolstered by the economic gains many households have experienced in the last two years, driven by persistent—albeit moderate—increases in personal income, personal consumption expenditures and personal disposable income. The Standard & Poor’s 500 Index (S&P 500), which impacts the financial outlook of wealthier donors more than the finances of others, rose significantly in 2013 over 2012 and likely catalyzed giving by these donors.

David H. King, CFRE, president of Atlanta-based consulting firm Alexander Haas and chair of The Giving Institute, the trade association that created *Giving USA* and its foundation, noted that while total giving in 2013 was the highest seen in the post-Great Recession era and individual giving is gaining strength, all types of organizations are not participating equally in this recovery—possibly reflecting the rates at which donors of different types are recovering financially.

“We see that giving to the arts, health, the environment and education has been consistently rising in the last three years,” King said. “These types of organizations, perhaps with a slight exception for health, are

those for which donors reduced their support during the recession when they tended to give to organizations serving what they may have perceived as more urgent needs, such as food pantries, homeless shelters and even international relief, but as the economy recovers donors are restoring funding to those sectors in a strong way.”

According to Carlson, a 1.9 percent decline (in current dollars) in giving by corporations, which includes businesses of all sizes, in 2013 tempered a stronger increase in total giving overall. And, “with this decline,” Carlson said, “it makes clear how closely linked economic factors are to giving. While the S&P 500 was strong in 2013, corporate profits slowed substantially compared with 2012. Corporate profits are directly linked with corporate giving.”

Over the past five years, giving by corporations has risen much faster than overall giving, at 19.4 percent compared with 12.3 percent (adjusted for inflation). In 2012, corporate giving grew rapidly at 16.9 percent (in current dollars), driven by soaring corporate profits that year. The 2012 jump in corporate giving also helps explain why 2013 corporate giving appears subdued.

Although corporate giving decreased in 2013, the year saw considerable growth in very large gifts of \$80 million and up from individuals, couples and estates.

“We witnessed a number of these very large gifts from households and estates, which may be signaling growing confidence among wealthy donors in making larger commitments,” said Gene Tempel, Ed.D., CFRE, founding dean of the Indiana University Lilly Family School of Philanthropy.

“In several examples, the resurgence of high-dollar capital campaigns, including those with billion-dollar goals at the largest nonprofits, suggests that the confidence organizations have in the giving environment is growing as well,” Tempel said.

Rising confidence and sustained increases in overall charitable giving raise the possibility that giving could recover to prior high levels earlier than anticipated.

“The growth in giving over the past two years suggests that a return to the peak level of total giving we saw prior to the recession could occur sooner rather than later, if recent growth rates in giving continue,” said Patrick M. Rooney, Ph.D., associate dean for academic affairs and research at the Indiana University Lilly Family School of Philanthropy.

When adjusted for inflation, 2007 donations totaled an estimated \$349.50 billion.

“In recent years, our school has projected that giving could take several years to return to pre-recession highs, based on the contemporary rates of growth in giving,” Rooney said. “This year, we are more optimistic. If total giving continues to grow at the current inflation-adjusted, two-year average rate of 4.2 percent, we estimate it would take just one to two more years to reach or surpass the pre-recession peak.”

Rooney cautioned, however, that there are caveats to the possibility of a near-term recovery in total giving reaching the 2007 level. “The instability of some areas of the economy, such as unemployment and corporate profits, as well as the volatility of the S&P 500, could weaken overall gains in giving in the future,” he said.

Topline Considerations from Giving USA 2014 about Donors:

- The single largest contributor to the increase in total charitable giving in 2013, over 2012, was an increase of \$9.69 billion in giving by individuals (in current dollars).
- Giving increased for three of the four sources of giving. Only giving by corporations declined slightly in 2013, the result of the slow rate of growth in pre-tax corporate profits in 2013, at 3.4 percent.
- Total giving was given a lift by several very large gifts made by individuals, couples and estates in 2013.
- In 2013, giving by foundations increased an estimated 5.7 percent (4.2 percent adjusted for inflation) and giving by bequest increased an estimated 8.7 percent (7.2 percent adjusted for inflation), according to *Giving USA*. Giving by foundations has increased for the last three years (adjusted for inflation), generally reflecting increases in assets and the increased confidence of grant makers concerning their financial recovery. (Data for giving by foundations are provided by the Foundation Center.)

A Closer Look at the Data:

- Giving by individuals increased 4.2 percent (2.7 percent adjusted for inflation) from the revised estimate of \$230.91 billion in 2012.
- Giving by corporations decreased 1.9 percent (-3.2 percent adjusted for inflation) from the revised estimate of \$18.22 billion in 2012.
- Giving by foundations increased 5.7 percent (4.2 percent adjusted for inflation) from the revised estimate of \$46.34 billion in 2012.
- Giving by bequest increased 8.7 percent (7.2 percent adjusted for inflation) from the revised estimate of \$25.50 billion in 2012.

Topline Considerations from Giving USA 2014 about Charities:

- Most subsectors (types) of charities saw increases in giving in 2013 compared with 2012.
- Five subsectors have reached or surpassed their all-time-high giving levels (in inflation adjusted dollars) since the recession officially ended in mid-2009: education, human services, health, foundations and environment/animals.
- Giving to foundations, which tends to be volatile from year to year due to the very large gifts foundations receive, fell 15.5 percent in 2013.
- Giving to international affairs has become more volatile in recent years and showed a decline of 6.7 percent, which could be attributable partially to lower overall corporate support for charities in 2013.

Other factors affecting giving to international affairs may have included lower levels of support to U.S.-based nonprofits providing international disaster relief. Some donors are choosing to give directly to overseas organizations working in that arena.

Una Osili, Ph.D., director of research at the Indiana University Lilly Family School of Philanthropy, noted that many charitable subsectors are enjoying the return of giving at levels seen prior to the Great Recession. "Giving to education, health, and environmental and animal welfare organizations, in particular, have shown robust giving patterns in recent years."

More specifically, Osili said that “people are giving to education, including higher education and K-12 institutions at record levels, across the board. Also, campaigns that appeal to different generations are doing very well. We have seen sustained levels in giving to health in support of hospitals, medical research and even health policy initiatives, as well as a growing number of gifts in support of environmental protection.

“Arts, culture, and humanities organizations, too, are seeing strong results as donors appear to be attempting to make up for the loss in funding to these organizations during the recession years.”

A Closer Look at the Data:

- Giving to religion was flat (-0.2 percent) between 2012 and 2013, with an estimated \$105.53 billion in contributions. Inflation-adjusted giving to the religion subsector declined 1.6 percent.
- Giving to education is estimated to have increased 8.9 percent between 2012 and 2013, to \$52.07 billion. Adjusted for inflation, giving to education organizations increased 7.4 percent.
- Giving to human services increased by an estimated 2.2 percent in 2013, totaling
- \$41.51 billion. Adjusted for inflation, giving to human services organizations increased by 0.7 percent.
- Giving to foundations is estimated to have declined by 15.5 percent in 2013, to \$35.74 billion. Adjusted for inflation, giving to foundations declined 16.7 percent.
- Giving to health organizations is estimated to have increased 6.0 percent between 2012 and 2013 (an increase of 4.5 percent, adjusted for inflation), to \$31.86 billion.
- Giving to public-society benefit organizations increased by an estimated 8.5 percent between 2012 and 2013, to \$23.89 billion. Adjusted for inflation, giving to public-society benefit organizations grew 7.0 percent.
- Giving to arts, culture, and humanities is estimated to have increased 7.8 percent between 2012 and 2013, to \$16.66 billion. Adjusted for inflation, giving to the arts, culture, and humanities subsector increased 6.3 percent.
- Giving to international affairs is estimated to be \$14.93 billion in 2013, a decrease of 6.7 percent from 2012. Adjusted for inflation, giving to international affairs organizations declined by 8.0 percent.
- Giving to environmental and animal organizations is estimated to have increased 7.5 percent between 2012 and 2013, to \$9.72 billion. Adjusted for inflation, donations to the environment/animals subsector increased 6.0 percent.
- Giving to individuals is estimated to have risen 1.4 percent between 2012 and 2013, to \$3.7 billion. The bulk of these donations are in-kind gifts of medications to patients in need, made through the Patient Assistance Programs of pharmaceutical companies’ operating foundations.

Unallocated giving was negative \$0.44 billion in 2013. This amount can be considered as the difference between giving by source and by use in any particular year. This amount includes the difference between itemized deductions by individuals (and households) carried over from previous years. The tax year in which a gift is claimed by the donor (carried over) and the year when the recipient organization reports it as revenue (the year in which it is received) may be different.

Brief Overview of *Giving USA* Methods

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). 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 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), the 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 econometric models.

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.

Estimating giving by source

The *Giving USA* estimate for giving by itemizing individuals (and households) is based on a projection that incorporates historical trends in itemized giving and changes in economic variables related to personal income and wealth. To estimate non-itemized charitable giving by individuals through 2013, *Giving USA* used the latest dataset available from the Philanthropy Panel Study (PPS) series, which is part of a longitudinal study of about 9,000 households who are asked, among other questions, about their charitable giving behaviors every other year.

The method for estimating contributions by bequest in 2013 includes two primary components: an estimate for bequests made by estates with assets \$1 million or more and an estimate for estates with assets below \$1 million. This procedure uses data collected by the Council for Aid to Education (CAE) about bequests received at institutions of higher education, as well as data from the IRS on filed estates and governmental demographic data.

Giving by foundations data are provided to *Giving USA* by the Foundation Center for giving by independent, community, and operating foundations in 2012. The Foundation Center also provides estimates for giving by corporate foundations. That component is moved from the Foundation Center's estimate of giving by all types of foundations and calculated in the *Giving USA* estimate for giving by corporations. Go to www.foundationcenter.org for more information about the Foundation Center's estimates for giving by foundations in 2013 and prior years.

The estimate for giving by corporations in 2013 is based on the most recent data available for itemized contributions claimed by companies on federal tax returns for years 2011 and prior.

Estimating giving to recipient organizations

Giving USA relies on data provided by other research organizations for components of the estimates for giving by type of recipient, which include organizations in the religion; education; human services; health; arts, culture, and humanities; environment/animals; public-society benefit; and international affairs subsectors, as well as for giving to foundations.

For estimating charitable contributions to all recipient subsectors other than religion and foundations, *Giving USA* relies upon data provided by the Urban Institute's National Center for Charitable Statistics (NCCS). This dataset tabulates charitable contributions made to nonprofit organizations within each subsector. The data are based on organizations' Forms 990 and 990-EZ.

Estimating giving to the religion subsector

The estimate for giving to religious organizations relies on the following data:

- A baseline estimate developed in 1986 and tested in 2005 of \$50 billion in contributions to religious organizations; and
- A percentage change in giving to religious organizations developed by collecting amounts given to congregations and other types of religious organizations as reported by members of the Evangelical Council for Financial Accountability (ECFA).

About Giving USA Reports

Giving USA: The Annual Report on Philanthropy is published by Giving USA Foundation and is a public service initiative of The Giving Institute. Giving USA is the longest running, most comprehensive report on philanthropy in America. For more information, visit www.givingUSAreports.org.