

U.S. Giving in 2013 Rose Significantly but Challenges Persist

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by Robert Evans

The numbers are out today and we now have comprehensive, reliable 2013 data about American philanthropy, painting a picture in broad brush strokes of how Americans gave and what kinds of causes donors supported. Measured as whole, the nonprofit community should be mildly encouraged by the results of the [Giving USA 2014 Annual Report on Philanthropy](#). Although given our nation's history and culture of generosity, the report suggests that we could and should be doing even better.



For synagogues, Jewish federations and other Jewish nonprofits, the data contained in the report is starker and very similar to what was in the [2013 Pew Survey on American Jewish life](#): the numbers confirm challenges that everybody already knew.

The *Giving USA* report was issued today by the [Giving USA Foundation](#), which is affiliated with the [Giving Institute](#), and its research partner, the Indiana University [Lilly Family School of Philanthropy](#). Published annually since 1957, the report is considered the authoritative annual source on charitable giving in the United States.

Offering full disclosure, I sit on the *Giving USA* editorial review board and I'll be the first to admit that the report has its shortcomings and limitations. First of all, from a Jewish perspective, the report doesn't specifically break down giving to Jewish causes. We are left to infer the Jewish significance of the numbers, though the depth of the research largely gives us the tools to do so. Moreover, I've also made known that the report pays too little attention to the growth of online and mobile giving, particularly the emerging cultural phenomenon known as [Giving Tuesday](#).

Then, of course, there is the pesky fact that the numbers can't predict the future, nor can they answer some of the deeper philosophical questions we have about the role of philanthropy in American society. But the numbers do tell us a great deal about the direction about how and where donors are giving their precious philanthropic dollars. The data provides a broad economic and cultural context to the sometimes narrow task of asking donors for dollars. In many ways, 2013 represented a continuation of the slow growth in charitable giving since the end of the Great Recession but in other ways it reflects that Americans are passionate about philanthropy.

In 2013, total giving reached \$335.17 billion. That figure represents a 4.4 percent increase in current dollars from 2012 and a 3 percent increase in inflation-adjusted dollars.

According to Melanie A. McKittrick, managing editor of the *Giving USA* report, the 2013 figure

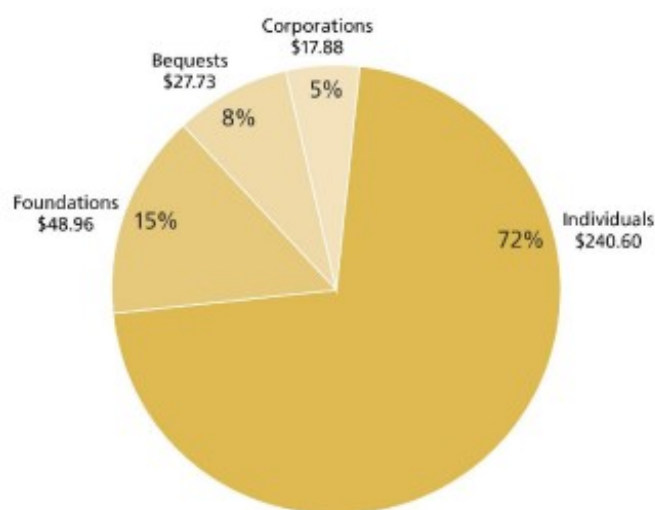
represents the fourth highest total in the history of the survey. Charitable giving nosedived in 2008 and 2009, the years of the Great Recession, but the numbers have been climbing back up slowly since 2010. Dr. Patrick Rooney, associate dean of Indiana University's Lilly School of Philanthropy, said that he expects charitable giving to approach or pass the high water mark of \$349 billion reached in 2007 within one or two more years.

"We are getting back on track and hopefully a year from now we will be able to say we have regained where we were in 2007," said Rooney. "This is consistent with the overall business recovery and other economic variables."

Giving is a lagging indicator of economic recovery. When bad times become good again, people tend to spend on themselves and their families before they spend on others. The fact that giving is up again is a healthy indicator about the state of our economy. 2013 represented the largest percentage increase in giving since the 2008 economic meltdown. The philanthropic sector is bouncing back more quickly than many experts predicted but are we seeing this rebound perhaps more slowly in the Jewish community.

Four straight years of philanthropic growth is certainly encouraging and demonstrates the fundamental generosity of Americans. Rich or poor, liberal or Conservative, we first and foremost look to ourselves and our charitable organizations to solve big problems. But the growth is much too incremental and lackluster. So many of what we take for granted in American life today, our hospitals, our museums, our schools, funding for disease research, were started by far-sighted philanthropists like the archetypical American, Benjamin Franklin. Where will the innovations of tomorrow come from? I sometimes fear that the incredible examples of Warren Buffet and Bill Gates have failed to galvanize both Americans of means and smaller donors. And the numbers validate my concern in this regard. In 2007, individuals on the Forbes 400 list, who had a total wealth of \$1.54 trillion, accounted for 15 percent of all charitable contributions. In 2013, the 400 wealthiest individuals' earnings had climbed to \$2 trillion, but their contributions only accounted for 12 percent of all giving.

**2013 contributions: \$335.17 billion by source of contributions
(in billions of dollars – all figures are rounded)**

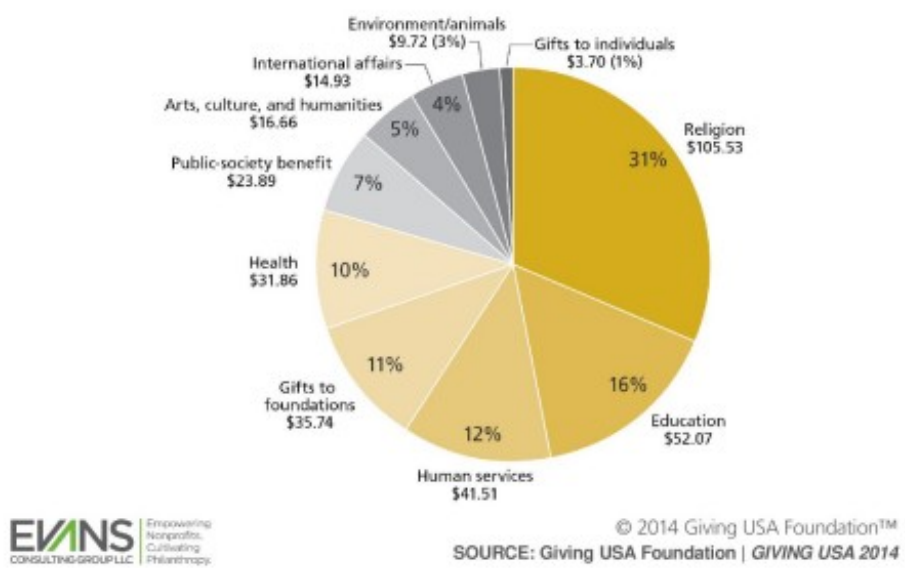


Here are some of the highlights of the report. There's plenty here for those who take a glass half full approach and those who see the glass as half empty.

- Charitable giving outstripped the tiny 2 percent increase in GDP but was behind the 27 percent jump in the S & P 500 Index.
- Charitable giving increased in three of the four major sources, with only corporate giving showing a major decline.
- Individuals gave \$240.60 billion in 2013, an increase of 4.3 percent from 2012. Bequests accounted for \$27.73 billion, an 8.7 percent increase from 2012. Foundation gifts accounted for \$48.96 billion, a 5.7 percent increase from 2012.

Corporate giving totaled \$17.88 billion, representing a 1.9 percent slide. At a time when corporate profits are near all-time highs, any slide is unacceptable and represents an affront to the notion of corporate responsibility.

**2013 contributions: \$335.17 billion by type of recipient organization
(in billions of dollars – all figures are rounded)**



For the Jewish community, the biggest headline coming out of *Giving USA* is that giving to religious organizations (all types of houses of worship) once again sputtered along in 2013, continuing a five year trend that perhaps foreshadows a permanent behavior pattern.

- Giving to religious organizations held flat in 2013, dropping 0.2 percent from 2012 and totaling \$105.53 billion.
- At 31 percent, giving to religion still makes up the largest slice of the American philanthropic pie.
- Since the end of the Great Recession, overall giving has grown 12.3 percent while giving to religion has declined 2.4 percent.

Americans are becoming less religious and less connected to spiritual communities. No denomination is immune, whether it is the Catholic Church, Main Line Protestants or Jewish denominations. All faced difficult times raising money. A few large “superstar” synagogues are doing OK, but not spectacular, while most are not. To triumph against this trend, synagogues must inspire donors with truly original thinking about how to make synagogue life richer and more meaningful. Many are making valiant efforts and those that are approaching their fundraising campaigns with foresight and meticulous planning stand good chances of finding success.

And then, of course, remains the great riddle of American Jewish philanthropy. At last count, well over

one fourth of the Forbes 400 list of wealthiest Americans were Jews. Yet, while there are exceptions, most of those names reserve their largest gifts for non-Jewish causes. Synagogues and Jewish organizations of all types must find ways to inspire these wealthiest of donors. If they don't give Jewishly, surely we can't expect their children or grandchildren to do so.

In addition to synagogues, we know that Jewish federations – similar to other umbrella campaigns like United Way and Catholic Charities – have also faced challenging times. Today's high net worth donors are likely to give to a specific project since they don't trust well-meaning professionals or entrenched lay leaders to decide how best to use their money. Between 2010 and 2012, total giving to Jewish Federations nationally fell from \$925 million to \$900 million, according to JFNA's own data.

Giving USA doesn't track donations to Jewish federations per se. But it does keep statistics on a sector it labels public-society benefit, which includes umbrella campaigns, disaster relief efforts community foundations and donor advised funds. The results are clearly deceiving, prompted by such large numbers of dollars going to donor advised funds!

- Contributions to the public-society benefit subsector increased by 8.5 percent in 2013, accounting for \$23.89 billion in contributions.
- The public-society benefit subsector comprised 7 percent of all giving in 2013.
- The losses at umbrella campaigns were offset by gifts to donor advised funds. For example, the largest gift in 2013 was Mark Zuckerberg and Pricilla Chan's \$992 million donation to the Silicon Valley Community Foundation as a donor advised fund.

Here's a statistic that may concern those who concentrate on raising money for Israel-based charities:

- Giving to international affairs organizations declined 6.7 percent in 2013, totaling \$14.93 billion.
- International affairs organizations received 4 percent of all gifts in 2013.
- Since the end of the Great Recession, giving to international affairs organizations has declined 16.1 percent, the most of any philanthropic sector. Perhaps this is due to the fact that Americans have turned their gaze inward as the 9/11 attacks and the Iraq war have receded into the past tense and that there was no very significant international disaster last year.

Much of the rest of the philanthropic milieu saw good news in the report.

- Giving to educational institutions represented 16 percent of all giving. Contributions to education rose 8.9 percent in 2013, representing 16 percent of all gifts, with the universities stepping up their campaigns and staffing. Jewish day school giving is included here but is not separated statistically.
- Giving to the arts, culture, and humanities subsector amounted to 5 percent of total giving in 2013, accounting for \$16.66 billion in contributions. Arts giving saw a 7.8 percent increase.
- Contributions to foundations declined by 15.5 percent from 2013, totaling \$35.74 billion. Foundations received 11 percent of all gifts in 2013. I believe many philanthropists are choosing instead to give to donor advised funds, which are much less costly and complicated to maintain than foundations.
- Giving to human services grew 2.2 percent in 2013, totaling \$41.51 billion dollars and accounting for 12 percent of all gifts.
- Most gifts to human service organizations tend to be modest ones. With the economy coming back and unemployment numbers dropping, many mega-philanthropists have begun moving their money into other priority areas and away from this category. Note, too, that previous small donors to human service causes have become recipients as a result of the recession.
- Giving to hospitals and other health-related organizations grew 6 percent in 2013, totaling \$31.86 billion and accounting for 10 percent of all gifts in 2013.

- Contributions to environmental and animal organizations rose 7.5 percent between 2012 and 2013, to \$9.72 billion. These dollars made up three percent of all gifts.

What do these numbers mean? For synagogues and other Jewish organizations, the data reinforces the notion that new models are needed and the future community will likely look much different than the present. That is no reason to despair. It is a reason to charge forward with gusto but with respect for the challenges ahead. Jewish organizations must work even harder than other nonprofits to articulate their cases for giving and to inspire donors to invest.

People of all political persuasions should be able to agree that government can't solve all problems, particularly those that seem intractable. Remember, it was one of the greatest fundraising campaigns in American history, the March of Dimes that led to the eradication of polio! We need nonprofits to work on solving intractable problems and making our country a better, healthier, more just, more prosperous and more enlightened place. Join me in applauding philanthropy and recognizing its necessity for the future of our Republic and the American Jewish community. We don't need these figures to tell us that giving is important, but it doesn't hurt to be reminded. And I'd like to offer a reminder that we can all give just a little bit more.

Robert Evans, President of the Evans Consulting Group, has more than 35 years of experience advising nonprofit organizations and conducting fundraising campaigns in major metropolitan areas nationwide. Regarded as an authority on campaign strategy, Mr. Evans is known for his inventive campaign plans that have enabled clients to reach development goals even in the most challenging circumstances. He sits on the Giving USA Editorial Review Board and serves on the National Steering Committee for Giving Tuesday. He writes a regular column for eJewishPhilanthropy.com and is quoted frequently in mainstream and professional media outlets.

"Giving USA 2014: The Annual Report on Philanthropy for the Year 2013," is a publication of Giving USA Foundation, 2014; it is researched and written by the Indiana University Lilly Family School of Philanthropy and available at www.givingUSAreports.org