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It's Real: Charitable Giving Plummeted Last Year

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No, it's not just your imagination. Total charitable giving by corporations, foundations, individuals, and bequests to support the work of nonprofits **dropped 10.5 percent in 2022** compared to 2021 when adjusted for inflation, according to Giving USA's new report. **Giving by individuals fell by an even steeper, astonishing rate of 13.4 percent** after adjusting for inflation.

The report, *Giving USA 2023: The Annual Report on Philanthropy for the Year 2022*, as <u>summarized by researchers and writers</u> at the Indiana University Lilly Family School of Philanthropy at IUPUI (June 29, 2023), provides these historical markers for context:

- Total charitable giving has fallen only three other times in the last 40 years in current dollars: in 1987 (Black Monday stock market crash) and in 2008 and 2009 (the Great Recession). The Lilly School authors attribute the steep drop in 2022 to stock market volatility and economic uncertainty.
- Giving as a percentage of an individual's disposable personal income dropped to a 40-year low of just 1.7 percent.
- The amount given by individuals plummeted to a level (adjusted for inflation) not seen since before 2016.

The report's findings are not news to frontline nonprofits that too often find themselves struggling with the multiple, often intertwined, challenges of not only decreasing revenue, but also significant workforce shortages and increasing demands for their services, especially now that the <u>federal pandemic relief programs</u> <u>have ended</u>. Indeed, turnover and staffing shortages among fundraising teams themselves may be among the drivers of the decline in giving, according to a <u>national survey of 685 fundraisers</u> commissioned by the *Chronicle of Philanthropy* in 2022.

Giving USA's data are consistent with other recent studies showing declines in multiple forms of engagement with nonprofits, for example:

- The <u>2022 year-end report from the Fundraising Effectiveness Project</u> showing a continuing decline in charitable giving and in the number of donors at all levels of giving.
- Reports indicating that <u>volunteering dropped steeply</u> during the COVID-19 pandemic, worsening a years-long decline.
- Only 5.4 percent of people surveyed said they or anyone in their immediate family received services from a charitable organization or nonprofit in the past year, separate research from the Indiana University Lilly Family School of
 Philanthropy recently documented. "Considering the many ways people engage with nonprofits in daily life, from education, disaster relief and religious services to amateur athletics, civic beautification or the arts, this suggests many Americans may not recognize that these and other public services are provided by nonprofits," according to the report.

The new report also reveals that last year, as usual, individuals accounted for the bulk of donations, with just over two-thirds of all charitable giving coming from individuals (63.8%). Foundations provided 21.1 percent, bequests yielded 9.1 percent, and corporations 5.9 percent of all charitable donations.

Special Notes: Whenever looking at this report (and those from previous years), it's important to remember that:

1. Total giving by corporations, foundations, individuals, and bequests *combined* account for about one-sixth of the charitable sector's income.

2. Collectively, <u>charitable nonprofits have two larger revenue streams</u> than charitable giving:

- Nonprofits earn roughly half of the sector's income directly from private sources for goods and services (e.g., tuition fees, ticket sales for cultural events, and private insurance payments to nonprofit hospitals for things like baby deliveries and treating heart and cancer patients); and
- 2. Nonprofits earn roughly a third of the sector's income via government contracts and grants for delivering goods and services to the public on behalf of federal, state, and local governments. (The specific percentages for each category above vary year by year.)
- 3. All the data are aggregates of amounts given or earned and not a business model for nonprofits to try to replicate with similar income percentages.



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We encourage you to dive deep into the report, which contains many standalone nuggets of interesting information, such as:

"For the second year in a row, very large gifts by some of the wealthiest Americans represented nearly 5% of individual giving. Mega-giving from six individuals and couples totaled \$13.96 billion." While these mega-gifts are wonderful, they directly benefit only a small number of the more than 1.3 million charitable nonprofits in the country.

You can also discover some troubling compare-and-contrast data points, including this pair regarding where charitable giving went in 2022:

- Overall giving to foundations increased to \$56.84 billion, which even after adjusting for inflation amounted to growth of 1.9 percent.
- Meanwhile, overall giving to public-society benefit organizations fell to \$46.86 billion, which when adjusted for inflation is a collapse of 15.2 percent.

All of this to say that there are now data to back up the experiences that many nonprofits have been sharing with us over the last couple years. There is no magic solution for this, but we can continue to work together to improve public understanding of the impact of nonprofits; advocate at the local, state, and federal levels for solutions; and find innovative solutions to close that widening gap of decreasing revenues and increasing demands and costs.

Giving USA 2023: The Annual Report on Philanthropy for the Year 2022, a publication of Giving USA Foundation, 2023, researched and written by the Indiana University Lilly Family School of Philanthropy. Available online at <u>www.givingusa.org</u>. The full report will be released to subscribers on July 11.