



First Things First



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from the Southern-desk of
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Giving To Human Services Sector in 2018 Flat

We know we live in a complex world, but for human services organizations and for all development professionals, that world is becoming even more complex as we review the data surrounding philanthropy.

First of all, to point to some complexities, overall Americans gave \$427.71 billion to charity in 2018 which is an increase of \$2.97 billion in current dollars from the 2017 total of \$424.74 billion. However, using inflation-adjusted figures, total giving actually decreased \$7.4 billion from an all-time high of \$435.11 billion. While charitable giving set another record in current dollars for 2018, giving was uneven between subsectors. A strong showing of giving from foundations and corporations was countered by the first decline in individual giving since 2013.

Let's review the numbers within the human services subsector: Giving to human services is estimated to have remained relatively flat in 2018. Contributions to human services organizations comprised 12 percent of all donations received by charities in 2018 representing \$51.54 billion dollars. In current dollars, this is a decrease of 0.3% from 2017. (More details about giving to this sector is below.)

Some analysts suggest that because 2017 was such a robust year for charitable giving, the fact that some subsectors declined (or at least remained level) in 2018 could be a "course correction."

Much press has been given to possible influences that are adding to the complexity of charitable giving last year and which could impact charitable giving in 2018.

The role of the overall economy and the impact of policies. Many development professionals noted the "roller coaster ride" of the stock market that occurred in the fourth quarter of 2018 - the height of most organizations strongest giving periods. While the market continues to be strong, there is concern that policy changes and

other influences could impact the economy in a negative manner.

The possible impact of the new tax law. The 2018 numbers represent the first estimates following the 2017 federal tax law changes for the 2018 tax year through the *Tax Cuts & Jobs Act*. These changes doubled the standard deduction, reducing the number of taxpayers eligible to itemize from more than 45 million to fewer than 20 million. While a number of reports are showing that the impact is not as huge as some anticipated, the data is still being studied and we may not know the full impact of the tax law changes until next year.

What are some approaches human service organizations should implement to build on the positives of the **Giving USA 2019** data while sorting through the complex landscape?

1. Recognize that while major donors are important to your organization's future, don't forget everyone else!
2. Foundation research is important. Invest in this! Foundation giving saw an increase in 2018 and now represent 18% of all funding sources. Establish a plan for conducting regular research on foundations whose interests aligns with your mission.
3. Donor retention is more important than ever. Giving USA shows that giving by individuals decreased from 70% of overall giving in 2019 to 68% in 2018. Focusing on tactics for improving donor retention such as monthly giving programs, online giving opportunities and enhanced stewardship is critical.

Yes, the influences on charitable giving are more complex than ever. Steady, strategic, time-proven fundraising strategies will help you navigate the months ahead. As Winston Churchill said, "Out of intense complexities, intense simplicities emerge."

Giving in 2018 \$427.71 Billion

Giving USA 2019: The Annual Report on Philanthropy for the Year 2018, was released in June, and amid a complex climate for charitable giving, individuals, bequests, foundations and corporations gave an estimated \$427.71 billion to charities in 2018.

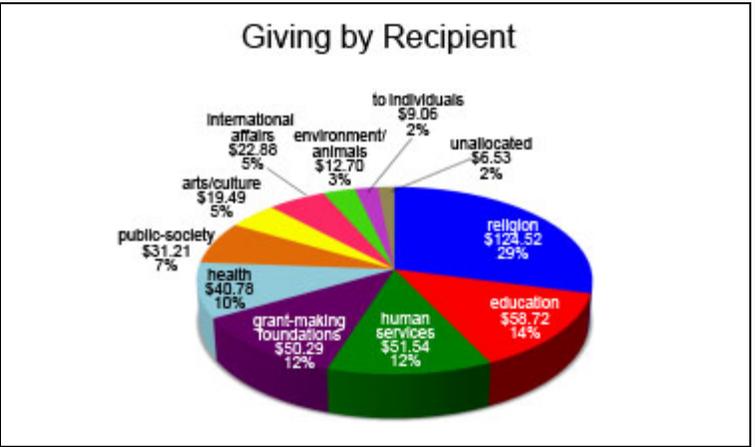
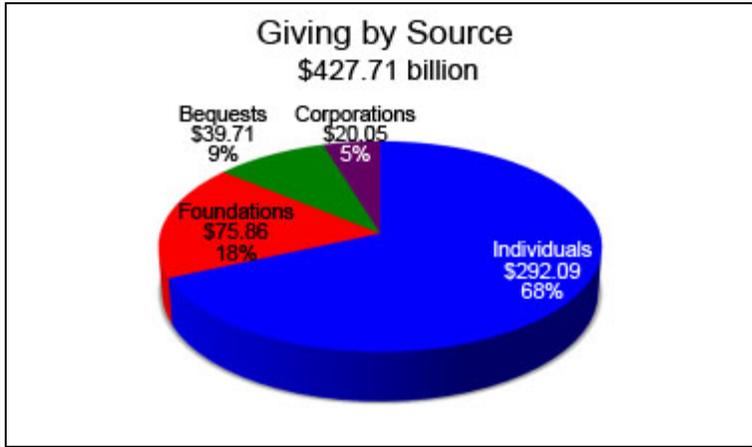
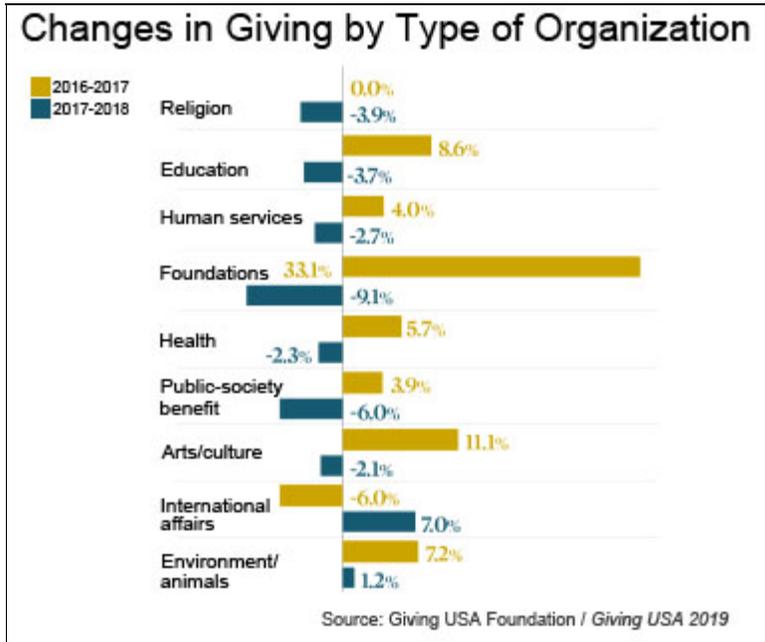
Selected Highlights

- Giving by **foundations** had a record-breaking year, reaching its highest-ever dollar amount even when adjusted for inflation, and growing to its largest share (18%) of total giving to date in 2018.
- Giving by **individuals** decreased as a percentage of total giving in 2018 to 68% (down from 70% in 2017), despite achieving its third-highest total dollar amount on record, adjusted for inflation.
- Giving by **corporations** experienced solid growth in 2018. This type of giving is highly responsive to changes in corporate pre-tax dollars and GDP, and its year-over-year trend lines tend to be more turbulent as a result.
- Giving by **bequest** did not keep pace with inflation.

Additional Statistics for Helping Hand Sectors

- Giving to **human services** increased by an estimated 5.1 percent (2.9 percent adjusted for inflation) totaling \$50.06 billion.
- Giving to **health organizations** is estimated to have stayed flat, decreasing by 0.3%, totaling \$51.54 billion.
- Giving to **public-society benefit** decreased by an estimated 3.7%, to \$31.21 billion.
- Giving to **international affairs** is estimated to have increased by 9.6%, to \$22.88 billion.
- Giving to **environment and animal organizations** is estimated to have increased 3.6%, to \$12.70 billion.

billion.



More information from the *Giving USA 2019* report can be found [here](#).

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Team Member *Spotlight*

In this month's Team Spotlight, **David H. King, President & CEO**, shares what he loves most about his job, the book that made the greatest impact on his career and how he thinks fundraising will change in the next three years.

In his 25 years at Alexander Haas, David has provided fundraising counsel to hundreds of organizations.

And he can turn a piece of wood into a work of art....and a desk!



[Watch and listen...](#)

We'd Like You to *Know...*

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**We saw organizations stop
capital campaigns in 2009.
But that's not where
we are now.**

-David King, President and CEO



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