



Giving USA 2021 The Results



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from the stand-up desk of
David H. King | President & CEO

Giving in 2020 \$471.44 Billion

I'm not sure I've ever been more curious about the release of the annual *Giving USA* numbers than I was about these 2020 numbers. The year 2020 will live in infamy. Given all the variables that were in play — mandatory lockdowns, business closures, travel bans, presidential election, unprecedented federal stimulus/relief funds, huge gains in the financial markets, record unemployment followed by record labor shortages — which of these would have the most impact on philanthropy? Would record political giving siphon money from charities? Would people use the boon of

federal aid for philanthropy, or set it aside with the uncertainty of the times? Would foundations increase giving to help the human crisis? Would the flood of giving to social justice causes be a net increase in giving, or just a shift of funds from other causes? So many variables...so many questions.

Now that the numbers are in, we have interesting observations of what happened.

First, **giving increased by over 5% last year, rising to more than \$471 billion**, despite the fact that GDP decreased by 2.3%.

Second, **political giving** had no impact on philanthropy. Turns out it never has. Researchers say political giving does not impact philanthropy in any year they have studied. This is partially a matter of scale. You see, even in a record year like 2020, political giving is only \$14 billion, while philanthropy is \$471 billion; so even if political giving doubled, and it was all money shifted from charities, philanthropy would still have grown in 2020. Also, 40% of political giving is in the form of very large gifts from very wealthy people and corporations — the kind of donors who are not making an either/or choice between political

giving and philanthropy. And, another 17% of political giving is politicians giving to their own campaigns. So, the rank and file of us may be giving the political campaigns, but not at levels that impact our philanthropy.

I was surprised to see that giving to the **healthcare sector** was down. Given that we were in a global health crisis, I thought we'd see that spike. But, as it was explained to me, the healthcare crisis was not one of lacking resources as much as it was a crisis of system capacity — which can't be fixed fast — and was a crisis of treatment protocols (really the lack thereof). It was not that we needed money so that we could deploy more COVID treatments to more people faster, for a long time there were no effective treatments to be deployed. Philanthropy can't really help with distributing something that does not exist. Also, much of the increased philanthropy targeted at COVID actually went to researching treatments, cures, long term effects, etc. A lot of that work is done by educational institutions, therefore the giving shows up there and not the healthcare sector. What was surprising on the surface starts to make sense with a deeper dive.

Not surprising was that giving to **human services** was up. This makes sense when you have massive unemployment, businesses failing, inability to pay bills, etc. There were lots of human needs and, as usual, Americans stepped up to help one another.

Also not surprising, at least to me, was the decrease in giving to the **arts, culture and humanities**. The arts always take a hard hit during a financial crisis, but this was exacerbated by the fact that most arts organizations — museums, performing arts groups, even art instruction organizations — were shuttered for 9-12 months. Many still have not reopened and, sadly, I fear many never will. It is hard to raise money when you cannot engage your supporters in your core mission.

Corporate giving was down, but so were GDP and corporate pretax profits, both strongly correlated with corporate giving.

Bequest giving was basically flat, which when you consider how many lives were lost might have been expected to be up. But bequest giving is typically driven up by very, very large estates.

The financial markets soared to record highs, which tends to push individual giving up in real time and produces a trailing increase in foundation giving (hopefully a good sign for 2021).

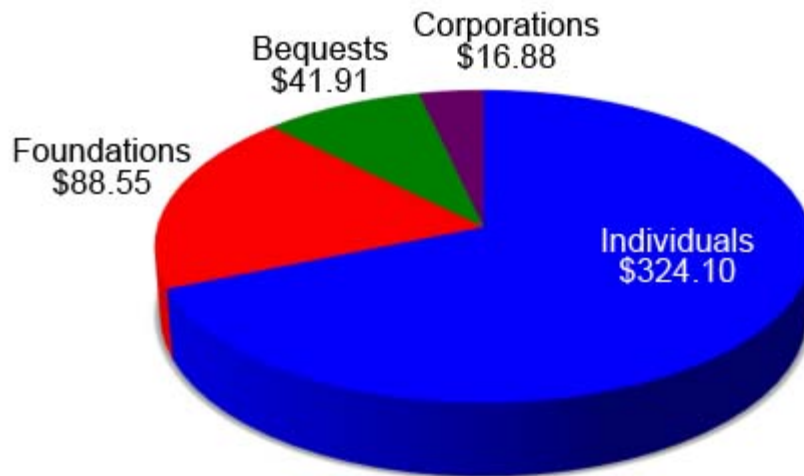
Also, not surprising was that online giving reached a new high. I noticed many organizations (and businesses for that matter) waiving the normal transaction fee for giving (or paying bills) online with credit cards. As we all know, mail service had some unpredictable patches in 2020. In our office we had a period of two weeks when we received not a single piece of mail — not a bill, not a payment, not a catalog, nothing, nada — despite several clients telling us they had mailed us things. Those "things" never showed up. So, if you can't hand deliver your gift because of COVID, and you're not sure the mail service will ever get it there, online giving becomes the only viable option.

Of the nine sectors **Giving USA** tracks, seven saw increases in 2020, with only the arts and healthcare seeing declines. Some of what we saw met my expectations, some of it surprised me. But, honestly, after 2020, nothing should surprise me.

It was certainly an interesting year — if your definition of interesting is "Please God don't ever let that happen again." Now we are half way through 2021, things are finding their "new normal" and I have a whole new series of questions about how 2021 philanthropy will turn out. I sure hopes it's better in every possible way than 2020.

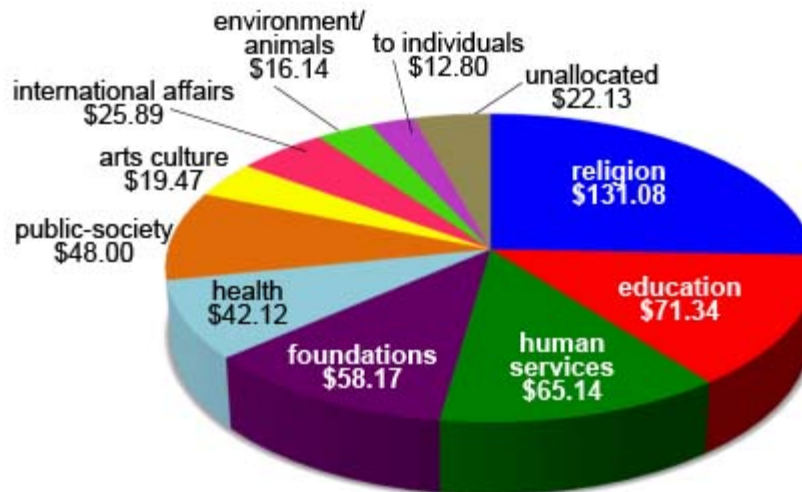
Quick Look at the Results for 2020

Giving by Source \$471.44 billion



- Giving by **individuals** totaled an estimated \$324.10 billion, rising 2.2% in 2020 (an increase of 1.0%, adjusted for inflation). Giving by individuals achieved its highest total dollar amount to date, adjusted for inflation, but it comprised less than 70% of total giving for the third consecutive year.
- Giving by **foundations** increased 17.0%, to an estimated \$88.55 billion (a growth rate of 15.6%, adjusted for inflation), reaching its highest-ever dollar amount. Giving by foundations, which has grown in nine of the last 10 years, represented 19% of total giving in 2020, its largest share on record. The estimate for giving by foundations was created by the Indiana University Lilly Family School of Philanthropy using data from Candid.
- Giving by **bequest** was an estimated \$41.19 billion in 2020, and grew 10.3% from 2019 (an increase of 9.0%, adjusted for inflation). Giving by bequest often fluctuates substantially from year to year.
- Giving by **corporations** is estimated to have declined by 6.1% in 2020 to \$16.88 billion (a decline of 7.3% adjusted for inflation). This type of giving is highly responsive to changes in corporate pre-tax profits and GDP, both of which declined in 2020.

Giving by Recipient



- Giving to **religion** grew slightly by 1.0% between 2019 and 2020, with an estimated \$131.08 billion in contributions. Adjusted for inflation, giving to religion was flat, reflecting a slight decline of 0.2% in 2020.
- Giving to **education** is estimated to have increased 9.0% to \$71.34 billion. Adjusted for inflation, giving to education organizations increased 7.7%. Education giving includes contributions to K-12 schools, higher education and libraries. A strong end-of-year stock market drove growth in giving to education. That growth was further boosted by COVID-19 relief, racial justice giving and MacKenzie Scott's gifts to HBCUs, tribal colleges, Hispanic-serving institutions and community colleges.
- Giving to **human services** increased by an estimated 9.7% in 2020, totaling \$65.14 billion. Adjusted for inflation, giving to human services organizations increased by 8.4%.
- Giving to **foundations** is estimated to have increased by 2.0% to \$58.17 billion. Adjusted for inflation, giving to foundations was flat at 0.8% growth.
- Giving to **health** is estimated to have declined by 3.0% (a decline of 4.2%, adjusted for inflation) to \$42.12 billion. In addition to large, nonprofit hospitals, health organizations include those that focus on addressing specific diseases. Many in-person walks, runs and other fundraising events that disease-specific health organizations host as major fundraisers saw a decline in participation and charitable revenue due to the pandemic.
- Giving to **public-society benefit** organizations increased an estimated 15.7% to \$48.00 billion. Adjusted for inflation, giving to public-society benefit organizations grew 14.3%. This category includes a wide range of charitable organizations, including national donor-advised funds, United Ways and civil rights organizations.
- Giving to **arts, culture, and humanities** is estimated to have declined 7.5% to \$19.47 billion. Adjusted for inflation, giving to the arts, culture, and humanities subsector declined 8.6%.
- Giving to **international affairs** is estimated to be \$25.89 billion in 2020, growing by 9.1% over 2019. Adjusted for inflation, giving to international affairs organizations increased 7.8%.
- Giving to **environmental and animal organizations** is estimated to have increased 11.6% to \$16.14 billion. Adjusted for inflation, donations to the environment/animals subsector increased 10.3%.
- **Unallocated** giving was negative \$22.13 billion in 2020. This amount can be considered as the difference between giving by source and use in a 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.



3520 Piedmont Road | Suite 450 | Atlanta, GA 30305
404.525.7575

