

Encore

A Spotlight on Philanthropy in the
Performing Arts

Alexander Haas
TRANSFORMING INSTITUTIONS THAT TRANSFORM LIVES

First Things First



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from the stand-up desk of
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Well, That Was Fun...NOT!

One year ago, almost to the day, I wrote in this newsletter a column entitled "What Does 2020 Have in Store for US?" The first paragraph of that column said this:

I've seen a lot of people referring to 2020 as the start of the Roaring 20s. I assume they are harkening back to the days of great growth and prosperity in the United States following World War I. I'm not sure if 2020 will usher in the second coming of the Roaring 20s, but it does promise to be an interesting year for philanthropy.

"Interesting" I said. Well, I'm not sure that is the word that I would use in retrospect, but it was "interesting", I guess. Perhaps instead of the *Roaring 20s* we were just off a couple of years and what we really were preparing to repeat was the Spanish Flu Pandemic of 1918. I'm not slandering Spain or the Spanish people, that is actually what it's called – Google it.

At any rate, I feel like I/we have lost a year of our lives, so I'm going to revisit what I thought would be so interesting in 2021 and see if we get a reset for 2021.

1) I felt we would finally have enough data to determine if the 2017 tax bill and the "bundling of gifts" phenomena had really happened and would have a negative impact on giving in 2019. I'm still not sure that we have an answer on that one. We saw a record year of giving in 2019, but there still seems to be a trend of fewer donors for many organizations even with increased donation totals. I'm not sure what value the 2020 data, which *Giving USA* will release in June, will have for us. Can we really take anything that happened in 2020 and use it as a benchmark? With the massive shutdowns and resulting layoffs we are almost certain to see that trend of fewer donors pick up speed. But what about total giving? There were great needs to be met. Did those who were able give more make up the difference. At the risk of jinxing us again, that will be interesting to see.

2) I thought, given the divisiveness of the country and the "high stakes" nature of the 2020 elections, we might see political giving draw funds away from charitable giving. Historically that had not been the case, but I thought the highly charged emotions might push people to diverting funds away from their favorite charity to support political campaigns. We do know that records amounts of money were spent by political campaigns in 2020. But, because of the impact the pandemic had on the economy we may never know if a decline in giving (if there was one) was due to the pandemic or a shift toward political

giving.

3) I suggested that if the stock market, specifically the S&P 500, continued its strong 2019 performance into 2020 that we could see a significant increase in giving since the performance of the S&P is highly correlated to giving. We certainly saw huge increases in the stock market. But in an almost nonsensical way, these increases were happening as the economy was being put on ice by the pandemic. With the S&P's history as a predictor of giving behavior hold in the face of a global pandemic?

4) Finally, I said the following:

Add to that the fact that disposable household income is on the rise. There are three factors contributing to this rise: 1) unemployment is at an all-time low; 2) wages are increasing faster than inflation across all income demographics; and 3) the 2017 tax cuts lowered rates for most people, meaning more disposable income in the paycheck. A rise in disposable household income is also a strong leading indicator of the trend for giving; but is it enough to offset the impact of the increased federal standard deduction that has reduced the number of itemizers.

Well, #1 got blown out of the water before the first quarter was even up. That dragged #2 down right along with it and as for #3, lower tax rates don't mean much when you have lost your source of income.

I closed the column last year with this:

What does all this mean? Well, if I could predict that I'd be living on my own private island somewhere. But, what I do know is that we live in interesting times.

Well, I still don't know what it all means, but I do know that private island would have really, really, really come in handy in 2020. As for the "interesting" times, well I'm not sure that would be the adjective that first comes to mind. Nor am I sure the one that does is suitable for publication in our family friendly newsletter.

Hang in there people. This too shall pass — it may be like a kidney stone, but it will pass.

We Think You Should Know

Arts Organizations Getting Creative for Dollars

With little or no earned income coming in amid canceled performances and proscribed public gatherings, nonprofit cultural institutions are incentivised to attract additional philanthropic gifts; conscious that priorities of food security, homelessness and social justice are taking center stage for important donor dollars.

A December New York Times article highlighted several of the creative events that performing arts organizations have conducted to replace lost ticket sales and their efforts to bump up philanthropic gifts. Among those tactics: New York City Center invited audiences to "Make Someone Happy" during the holiday season by sending as a gift (for \$35) digital access to its Evening With Audra McDonald, available on demand. The New York Philharmonic established the "It Takes an Orchestra Challenge," with a goal of raising \$1.5 million by Dec. 31. David M. Ratzan, a New Yorker who typically takes his son to several concerts a year, contributed \$100. "If people don't pitch in," he said, "these places won't exist."

Despite an outpouring of contributions when the virus first struck, individual giving to arts organizations fell by 14% in the first nine months of 2020. The average size of gifts from the most active, loyal patrons fell by 38%. **The article is worth a read**, in case you missed it.

Nonprofits Would Be Eligible for New Federal Aid Under Biden Stimulus Plan

When President Biden took the oath of office on January 20, he brought a new \$1.9 trillion stimulus proposal that would allow nonprofits to participate in a new loan program and draw from a \$3 billion economic development fund. The plan also contains multiple measures that might relieve the stress on nonprofits and foundations to provide aid to Americans in need.

Grants from the economic development fund could be used for "initiatives that support bottoms-up economic development and enable good-paying jobs." The plan says that "state and local government entities, tribal institutions, institutions of higher education, and nonprofits" would be eligible to draw on the \$3 trillion fund.

The stimulus bill enacted in December:

- Provides \$15 million in "Grants for Shuttered Venue Operators" for live venue operators, including museums, who demonstrate a 25% reduction in revenues.
 - Nonprofits won a one-year extension of the temporary charitable deduction available to people who don't itemize their taxes and another round of forgivable Paycheck Protection Program loans.
 - Two new Smithsonian museums dedicated to Latinos and Women were approved to move forward.
- COP, 1-15*

Movers & Shakers

The **Black Seed**, a national initiative aimed at strengthening Black-led theater groups, awarded grants to 100 Black theaters. Recipients include, among others: the **African American Shakespeare Co.** (San Francisco), **Ashe Cultural Arts Center** (New Orleans), **August Wilson Society** (D.C.), **Black Liberation Art Center** (Oklahoma City), and **Tuskegee Repertory Theater** (AL). *PND, 1-22*

The **Atlanta Opera*** received a \$500,000 grant from the **Lettie Pate Evans Foundation**. The funds will be used to purchase equipment and technology to create digital versions of live operas and concerts. *ABC, 1-18*

Newark Arts Council received a \$50,000 grant from the **Geraldine R. Dodge Foundation** in support of its *Creative Catalyst Fund*. *PND, 1-1*

The **Joyce Foundation** awarded grants totaling almost \$15 million to 110 nonprofits to help BIPOC-led and -serving arts organizations in Chicago make it through the COVID-19 pandemic. The foundation's *Culture* program awarded general operating support grants of \$30,000 to **Asian Improv Arts Midwest**, the **Black Ensemble Theater**, **Chicago Sinfonietta**, the **Puerto Rican Arts Alliance**, and the **South Side Community Arts Center**. *PND, 12-31-20*

The **Joffrey Ballet** (Chicago) received a \$3 million gift from the **Abbott Fund**, the philanthropic arm of healthcare company Abbott, to endow a new position at the *Joffrey Academy of Dance*. **Raymond Rodriguez**, who currently serves as the academy's director, will assume the new title of *Abbott Academy Director*. *PND, 12-27-20*

The **Lynde and Harry Bradley Foundation** awarded grants totaling more than \$10 million to over 100 organizations in Wisconsin working to strengthen the arts, communities and families, and education in the region. Recipients include, among others: the **Milwaukee Youth Symphony Orchestra** (\$20,000), and the **Milwaukee Chamber Theatre** (\$20,000). *PND, 12-26-20*

The **John S. and James L. Knight Foundation** awarded grants totaling more than \$7.2 million to help arts and cultural institutions adapt, innovate, and promote equity both during and after the coronavirus pandemic. Recipients include, among others: In Charlotte: the **Harvey B. Gantt Center for African-**

American Arts + Culture (\$1 million), the **Queen City New Play Initiative** (\$100,000), and **JazzArts Charlotte** (\$250,000). In Miami: **Third Horizon** (\$750,000), **Nite Owl Theater** (\$124,800), and **Miami City Ballet** (\$67,500). In St. Paul: **Playwrights' Center** (\$1.5 million), **FilmNorth** (\$200,000), and the **Victoria Theater Arts Center** (\$100,000). In San Jose: **San Jose Jazz** (\$100,000). *PND, 12-21-20*

The **Richard King Mellon Foundation** awarded grants totaling nearly \$8.5 million in support of COVID-19 relief efforts in southwestern Pennsylvania. Recipients include, among others: **Pittsburgh Ballet Theatre, Pittsburgh Glass Center, Pittsburgh Opera, Pittsburgh Public Theater, and Pittsburgh Symphony Orchestra.** *PND, 12-20-20*

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Encouraging Giving News

More Plan to Give in 2021

The first survey of its kind to be released this year indicates that more donors plan to give in 2021 than in 2020. DealAid.org, a discount shopping website that donates a portion of sales to nonprofits, surveyed more than 1,100 people and reports that nearly 72% plan to donate to charity this year. What's more, they expect to increase the amount they give by nearly 14%, upping it to a total of \$396, on average. Respondents say they're most likely to continue giving to health causes. Seventy percent of respondents said they made a charitable contribution last year, compared with roughly 62% who said they did in 2019. This would increase the donor population by nearly 15%.

Among the other findings:

- Nearly 88% of respondents who did not give to charity in 2020 said they didn't contribute because they couldn't spare the cash.
- The temporary changes to the charitable tax deduction — which allows single people to deduct up to \$300 even if they don't itemize — did little to incentivize giving, the survey found. Just over 16% of respondents said the change, which was extended for the 2021 tax year, encouraged them to give more.

Read the entire report [here](#).

Early Reports Indicate 4th Quarter Growth in Giving

As we await more detailed fourth quarter philanthropic-giving data, let's look at what we know so far, including the optimistic third quarter numbers from the *Fundraising Effectiveness Project's 2020 Third Quarter Report* (FEP). This is administered by the Association of Fundraising Professionals (AFP) Foundation for Philanthropy in collaboration with GivingTuesday.

Donors in the U.S donated an estimated **\$2.47 billion dollars on GivingTuesday 2020**. This was a 25% increase over the previous year's total and represented a similar increase in participation.

Even in the midst of the ongoing impact of the COVID-19 pandemic, charitable giving grew by 7.6% during the first nine months of 2020 compared to the same time period in 2019; the second consecutive quarter of strong growth in giving. The FEP 2nd Quarter Report found giving at the halfway point in 2020 ahead of the 2019 pace by 7.5%, so the growth in the third quarter continues the upward trend. The increases are especially notable given that at the close of the first quarter, 2020 giving was down by 6% compared to 2019.

The increase in giving and number of donors for the first three quarters of 2020, compared to 2019, sets up nonprofits for a potentially very successful final three months of the year. There may be a sense of optimism among donors with the COVID-19 vaccine beginning to be distributed.

We'd Like You To Know

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Alexander Haas serves a cross section of performing arts organizations throughout the country. We specialize (and delight in) what makes you distinctive. As an arts institution, you have different needs at different times. We can help you create real results.

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