

# Team

The Education Advancement Monitor

Alexander Haas  
TRANSFORMING INSTITUTIONS THAT TRANSFORM LIVES

First Things First



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[www.fundraisingcounsel.com](http://www.fundraisingcounsel.com)



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

## 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

### Giving to Colleges and Universities Flattens in 2020

For the first time in a decade, total giving to higher education institutions fell slightly, from \$49.6 billion to \$49.5 billion — essentially flat growth in 2020 — according to the **Council for Advancement and Support of Education's** latest *Voluntary Support of Education Survey*.

Record-breaking totals last year were inflated by a \$1.8 billion gift from Michael Bloomberg's charities and foundations to Johns Hopkins University. If that gift were removed from the fiscal 2019 results, giving in fiscal 2020 would have increased by 3.6%, the survey found.

#### Key Findings

- Giving from non-alumni individuals increased by 4%.
- Combined, foundations and alumni make up 55% of total voluntary support for colleges and universities.
- Contributions from other organizations increased by 7% in fiscal 2020 and edged past corporate giving for the first time.
- The rise in giving from other organizations can be attributed to payouts from donor-advised funds,

according to Ann Kaplan, senior director of the Voluntary Support for Education Survey.

- The 2017 Tax Cuts and Jobs Act increased the standard deduction taxpayers can claim on their federal tax returns. One side effect of the tax overhaul is an uptick in donor-advised funds.
- A subset of 400 institutions reported support from donor-advised funds, and those funds make up 73% of giving from organizations not defined.
- Gifts for current operations increased by 7%.
- Gifts for capital purposes declined by 10 percent. (That decline could be due to stock market uncertainty at the beginning of the pandemic.)
- Seven gifts of \$100 million or more, totaling \$1.01 billion, or 2%, of the fiscal 2020 total were reported.

Read more [here](#). *Insidehighered.com, 2-9*

## The Music of an Historic Gift

The brand **Gretsch** musical instruments is synonymous with quality all over the world. And now, our Client Partner, **Georgia Southern University**, is bringing that name to its School of Music.

A \$3 million donation from the Gretsch family establishes the **Dinah and Fred Gretsch School of Music** from what has been Georgia Southern's music department. "The generosity and vision of this transformational gift from Fred and Dinah Gretsch is truly a milestone in Georgia Southern's history," said Georgia Southern University President **Kyle Marrero**. "This collaboration with the Gretsch family, the Gretsch Company and its commitment to excellence exemplifies our goal to elevate and further enhance extraordinary programs, like our music program at Georgia Southern."



In addition to funds, the family also donates a collection of priceless heirloom instruments and brings their wealth of connections in the music industry. *WTOP, 2-9*

## 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 with him a new \$1.9 trillion stimulus proposal that will 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 provided nonprofits 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. *COP, 1-15*

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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. The report notes that more than 70% of respondents said they made a charitable contribution last year, compared with roughly 62% who said they did in 2019 — increasing 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), which 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

### ***Transforming Institutions***

#### **Welcome Continuing & Returning Client Partners**

 **Abraham Baldwin Agricultural College**



**Florida A&M University Foundation**

 **Milwaukee School of Engineering**



**University of West Georgia**

For more than 30 years, Alexander Haas has been a fixture in the nonprofit community. We are honored to have worked with some of the largest, and some of the smallest, institutions that help make our country a better place to live.

[Past and present Higher Education Client Partners.](#)

### ***Our Transformational Fundraising Services***

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