



First Things First



July 18, 2019
www.fundraisingcounsel.com



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

Giving To Education Down?

The annual **Giving USA** report was released last month and there were a few surprises. The report indicated that it was an up and down year, depending on for which subsector you were raising money. In fact, five of the 10 subsectors that Giving USA tracks had declines in giving in 2018 as compared to 2017. Granted, giving in 2017 reached its all-time high in eight of the 10 subsectors, so that is a tough act to follow.

Those of us working to raise support for education were not spared the pain. According to the report, **giving to education declined for the first time in more than 25 years in a non-recession year**. Moving from \$59.5 billion in 2017 to \$58.72 billion in 2018, the education subsector experienced a decrease of \$780 million dollars. Not a huge drop, but definitely not moving in the direction we all want. It's especially revealing when you consider that seven universities received single gifts of \$100 million or more. Only in 2015 did more institutions receive gifts of that size.

So now we know what happened, but what we really want to know is why it happened. Here are a couple of things that could account for the decline.

First, as many of us know from our own data, **the number of donors has been declining for some time**. Many institutions are reporting increased fundraising amounts, but fewer donors are making gifts. This trend was likely exacerbated in 2018 by the 2017 tax law changes, which is projected to have reduced the number of itemizers from 47 million households down to just 18 million households. This means that 30 million households no longer actually deduct their charitable gifts, but instead take the increased charitable deduction. Given that VSE reports that more than 44% of contributions to colleges and universities come from individuals, any significant decrease in giving by these new non-itemizers could have an impact. If just 10% of those households stopped giving to education, and their average gifts had been \$100 per household, that would account for nearly \$300 million of the \$780 million decline. Sort of like the old saying, "Death by a thousand paper cuts."

Another factor could be giving to athletics. **The demise of the 80/20 rule changed the rules for athletic fundraising** . One aspect of this change that could have reduced giving to education is that in late 2017, many institutions encouraged donors to accelerate their athletics gifts before the end of 2017 so that they would be guaranteed tax deductibility for those gifts and agreed to count those 2017 gifts for 2018 ticketing priority. Since Giving USA focuses on the calendar year, those accelerated gifts would show up in 2017 (an all-time record year for giving to education) data and, of course, would not be repeated in 2018.

But, there could be another factor at work here that is tax code related, purely mathematical, and not donor behavior related. **Prior to 2018, 80 percent of a donation made to athletics, that allowed the donor preferred access to sports tickets, was tax deductible.** And, more importantly for this discussion, was reported as philanthropy and would have been reflected in the "Giving to Education" numbers for Giving USA. But, with one swipe of the pen, **all of those "contributions" were no longer "charitable" contributions and are not reported as such and, therefore, are not in the Giving USA numbers.** Donors may have contributed the exact same amount - or more - to athletics programs in 2018, but the fact that the IRS no longer considers them "charitable contributions" would exclude them from being reflected in the giving totals.

How much money is given to athletic programs? Well, even Google could not tell me that (and I thought it knew everything), so let's try to estimate it. According to VSE, 8.2% of all contributions to colleges and universities are for athletics. If we assumed that none of that 8.2% is now classified a "charitable contributions," that alone with result in \$4.8 billion from the 2017 giving totals for education no longer considered charitable contributions. Now, certainly not all of that 8.2% is given in a way that eliminates the tax deduction. So, just for argument's sake, let's say 2% of it was non-deductible "gifts" that came with ticket rights, that is \$1.1 billion that would no longer be reflected in the totals for education - even if the money was, in fact, given. Therefore, \$1.1 billion would more than account for the \$780 million decline in giving to education reported by Giving USA.

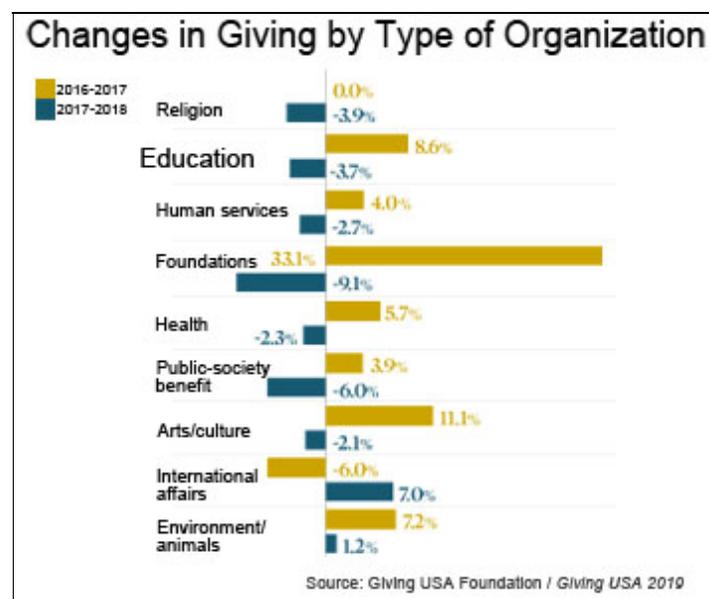
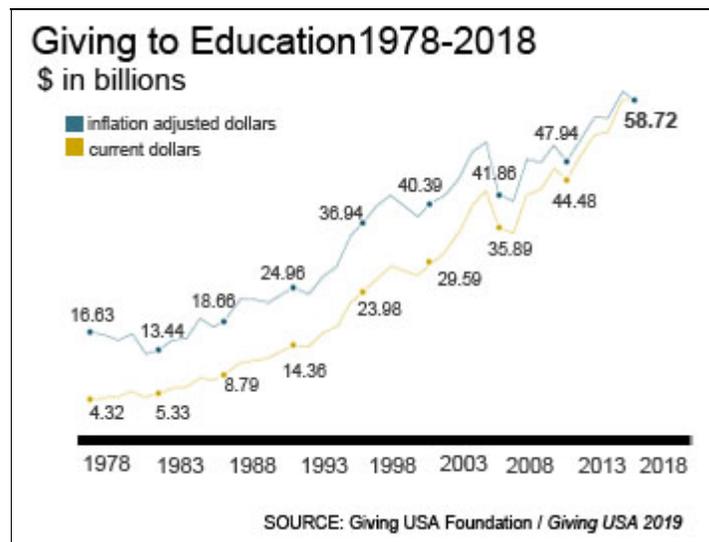
So, maybe it was not a down year after all. Maybe we actually raised more money for education, but some of it just no longer counts as philanthropy. I sure hope that is the case.

Giving to Education: The Numbers

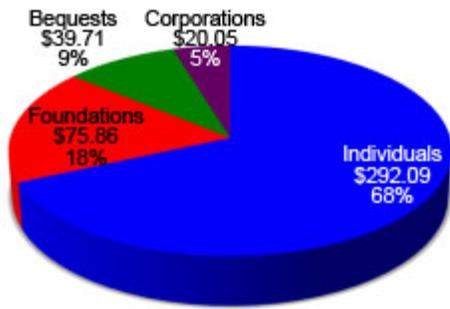
Giving USA 2019: The Annual Report on Philanthropy for the Year 2018, was released in June, and amid a complex climate for charitable giving, individuals, bequests, foundations and corporations gave an estimated \$427.71 billion to charities in 2018.

- Giving to **educational** institutions slipped, declining 1.3% (decreasing 3.7% adjusted for inflation, to \$58.72 billion.
- Contributions to the education subsector amounted to 14 percent of total giving in 2018.
- Giving to education increased 10.9 percent in current dollars between 2016 and 2017. Between 2017 and 2018, current-dollar giving to education declined 1.3 percent. The cumulative change in giving to education between 2016 and 2018 is 9.4 percent in current dollars.
- Giving to education increased 8.6 percent in inflation-adjusted dollars between 2016 and 2017. Between 2017 and 2018, inflation-adjusted giving to education declined 3.7 percent. The cumulative change in giving to education between 2016 and 2018 is 4.6 percent in inflation-adjusted dollars.

- In 2017, giving to the education subsector reached the highest inflation-adjusted value recorded to date. The 2017 total remained the highest in 2018.
- Education organizations have received between 11 percent and 14 percent of all charitable donations over the past 40 years. Giving to the education subsector was strongest during the last two decades (1999-2018).



Giving by Source \$427.71 billion



Giving by Recipient



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

YOU HAVE UNIQUE CHALLENGES.
We have fundraising solutions.

**CONTACT US
TODAY**

Alexander·Haas
TRANSFORMING INSTITUTIONS THAT TRANSFORM LIVES

Proud to have been a part of it....

"There's a strong sense of integrity and authenticity about the firm and I really wanted that."

We recently sat down with **Auburn University's Jane DiFolco Parker**, vice president for development and president of the **Auburn University Foundation**. In addition to talking about their recently completed fundraising campaign, Jane spoke about the qualities the university was looking for when choosing fundraising counsel for the university's first \$1-billion comprehensive campaign.



[Thanks Jane, it was indeed an honor.](#)

We'd Like You to Know...

Transforming Institutions



Dalton State College in Dalton, GA is a continuing Client Partner.



Kennesaw State University Foundation in Kennesaw, GA is a returning Client Partner.



Maryville College in Maryville, TN is a continuing Client Partner.



Saint Mary's College of California in Moraga is a continuing Client Partner.



Southeastern Louisiana University in Hammond, LA is a new Client Partner.



University West Georgia in Carrollton is a continuing Client Partner.



Utah Valley University in Orem is a returning Client Partner.

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.

[Take a look at our past and present Higher Education Client Partners.](#)

Our Transformational Fundraising Services

You're just a jump away from learning about all the fundraising aids Alexander Haas has in its vault of Transformational Services.

Alexander·Haas
TRANSFORMING INSTITUTIONS THAT TRANSFORM LIVES

3520 Piedmont Road | Suite 300 | Atlanta, GA 30305
404.525.7575



This email was sent to: gingerchakalall@me.com

This email was sent by: Alexander Haas
Piedmont Place, 3520 Piedmont Road, N.E., Ste. 450 Atlanta, GA 30305

We respect your right to privacy - [view our policy](#)

[Manage Subscriptions](#) | [Update Profile](#) | [Unsubscribe](#)