

GENEROSITY COMMISSION RESEARCH & ANALYSIS

UNIVERSITY OF WASHINGTON STRATEGIC ANALYSIS,
RESEARCH & TRAINING (START) CENTER

REPORT TO THE BILL & MELINDA GATES FOUNDATION

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FEBRUARY 2022



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STRATEGIC ANALYSIS,
RESEARCH & TRAINING CENTER

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Executive Summary

Charitable giving and volunteering play a vital role in supporting and shaping nonprofits, which serves as a vital safety net for many Americans. In addition to supporting this safety net, giving contributes to the social cohesion and community resilience that are vital components of American life. However, fewer people donate to charities and volunteer within their communities. This has prompted a reimagining of how generosity has traditionally been defined and measured within the philanthropic landscape. This reimagining seeks to better understand the myriad of complex issues which underlie the reductions in donors and volunteers to reverse the trends and to support people from all backgrounds in support of the causes which motivate them to action.

The Strategic Analysis Research and Training Center (START) was commissioned by the Bill & Melinda Gates Foundation (BMGF) to conduct an updated literature review on research about giving, specifically from every-day donors. This work is in support of the Generosity Commission whose aim is to reimagine philanthropy, volunteerism, and community in ways that engage Americans of all backgrounds. This report uses published literature to provide several concrete recommendations for the Generosity Commission to support them in their goal of reversing the downward trends in giving and volunteering.

RECOMMENDATIONS

DATA COLLECTION AND SURVEYING

- I. Create industry-standard guidelines regarding survey questionnaires to increase the ability to compare findings from different studies.
- II. Ensure biases are adequately addressed and accounted for within survey sampling techniques and when drawing conclusions from research.
- III. Conduct additional qualitative research to better understand the intrinsic motivations behind individual giving.

TECHNOLOGY, YOUTH, AND ACTIVISM

- I. Invest in research that examines how the pathways, motivations, and behaviors differ amongst individuals and groups engaged in online giving platforms.
- II. Invest in understanding diverging generational viewpoints regarding trust and its impact on nonprofit organizations.

- III. Capitalize on the public's heightened activism for social and environmental issues by strengthening partnerships with the private sector.

RISING DIVERSITY AND SOCIAL NETWORKS

- I. Redefine volunteerism and generosity to capture diverse perspectives on how individuals and socioeconomic groups define these behaviors themselves.
- II. Think broadly to better the philanthropic community's understanding and measurement of civic engagement and charitable giving – especially among an increasingly diverse and wealth-stratified population.
- III. Focus efforts on ways to strengthen *horizontal giving networks* such as mutual aid, giving circles, and collective philanthropy.

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Introduction

Project Overview

According to the Charities Aid Foundation, the United States has been ranked as the most generous nation for ten years in a row.¹ However, their data also shows a decline in giving, in the US and globally. The philanthropy landscape, which has been an integral part of how Americans view themselves and how the fabric of our society operates, is undergoing a major change. As the US becomes increasingly diverse and future generations begin to comprise a larger proportion of working adults, the role and definition of philanthropy are being questioned. There are also questions relating to the causes and meaning of the changes observed within the philanthropic landscape over the past several years. On top of these changes, the pandemic altered how individuals connected with each other and society.

The Philanthropy Panel Study has shown a significant reduction in the number of U.S. individuals who gave to charitable institutions.² They reported that from 2000 to 2016 an estimated 20 million individuals in the U.S. are no longer giving to charitable institutions. This data, which was collected prior to the COVID-19 pandemic, shows that many are not as engaged in charitable giving, which has significant implications for the broader society within the US. Questions remain on the interpretation of these findings. Another question that has been proposed has been if the definition of philanthropy, which has been synonymous with generosity, should be expanded to help provide a more complete picture of generosity within the US.

The purpose of the Generosity Commission is to reimagine the philanthropic landscape in a way that engages individuals of all walks of life, and thereby further build community, social capital, and the resilience of our democracy and society. For this study The Generosity Commission sought to better understand six key questions:

1. What are the implications for nonprofit organizations and communities of the decline in the number of givers and volunteers?

¹ Charities Aid Foundation. CAF world giving index 10th edition: ten years of giving trends. 2019 October. Available from: https://www.cafonline.org/docs/default-source/about-us-publications/caf_wgi_10th_edition_report_2712a_web_101019.pdf

² Clark CJ, Han X, Osili UO. Changes to the giving landscape. 2019 October. Available from: https://generosityforlife.org/wp-content/uploads/2019/10/Changes-to-the-Giving-Landscape_Vanguard-Charitable_2019-FINAL.pdf

2. What are the causes of recent trends in giving and volunteering? What are the possible remedies?
3. What is the level and social impact of new diverse forms of giving and volunteering?
4. Where do giving and volunteering fit among different forms of civic engagement?
5. What is the relationship between giving and volunteering on the one hand and a healthy democracy on the other?
6. How do changes in participating in giving, volunteering, and civic engagement impact social outcomes and issues such as social justice and racial and gender equity?

Methodology

This report pulls from existing research, evidence, and key insights that describe the changing trends of charitable giving, volunteering, and the resulting impact from these trends. Early within the project, three subject matter experts were interviewed. They provide information which assisted in guiding the literature review.

SUBJECT MATTER EXPERT	ROLE AND AFFILIATION
Janell Johnson	Senior Philanthropic Advisor at Phila Engaged Giving
Scott Jackson	President and CEO at Global Impact
Beth Kanter	Trainer, facilitator, and author at BethKanter.org

The literature matrix lists key articles and reports that were used to address the six key questions. The ability to address each question varied. For some questions there was ample evidence due to years of data collection via surveys and reports from the Internal Revenue Service (IRS) and nonprofits. Other questions focused more on relationships between volunteering, giving, and abstract concepts which have important manifestations.

KEY RESOURCES	Q1	Q2	Q3	Q4	Q5	Q6
Urban Institute - Nonprofit Trends and Impacts 2021	X	X				
How We Give Now - Conversations Across the United States				X		
Giving USA 2021		X				
Urban Institute - On Track to Greater Giving			X			
Sparks & Honey - The Future of Giving					X	X

Points of Light - Civic Life Today: A Millennial Perspective	X	X	X
Lily School of Philanthropy - Giving Circles are Growing Informed Philanthropists	X	X	
NYTimes Opinion - What's Better Than Charity?		X	X
Open Democracy - Why 'Mutual Aid'? - Social Solidarity, Not Charity		X	X

Trends in Charitable Giving and Volunteering

What are the causes of recent trends in giving and volunteering? What are the possible remedies?

As the landscape of charitable giving continues to change several important trends are emerging. Attention, research, and resources will be needed to better understand the causes and impact of these changes and to find potential remedies to reverse the more detrimental trends. In particular, the following trends have had and will continue to have a major impact on the level, impact, or methods through which individuals engage with charitable giving and volunteering. These trends in charitable giving and volunteering include the following:

- I. Declines in charitable giving
- II. Declines in volunteering
- III. Digital platforms and direct giving
- IV. COVID-19

I. Declines in charitable giving

The number of people who report charitable giving has steadily declined according to several longstanding studies focused on giving within the United States.³ The Philanthropy Panel Study (PPS), a longitudinal study widely regarded as the best available data on charitable giving and volunteering, reported the proportion of American households who donated to charity in 2018 to be 49.6%. This was the lowest proportion of American households donating to charity since the inception of the PPS in 2000, when they reported that 66% of American households made donations of \$25 or more to charitable organizations. However, this was not the only study that suggested cause for alarm regarding the declining rates of charitable giving. In addition to the PPS, three other highly regarded studies used a cross-sectional design to show changes in the number of Americans who engage in charitable giving over time (Figure 1). Although the studies

³ Zarins S, Osili UO, Han X, Kou X, Shrestha S, Daniels D. The giving environment: understanding pre-pandemic trends in charitable giving. 2021 July. Available from: <https://scholarworks.iupui.edu/bitstream/handle/1805/26290/giving-environment210727.pdf?sequence=1&isAllowed=y>

have key differences, with the proportion of Americans who donate ranging from 85% to 36% at their last reported survey date, they all show a decrease in the proportion of Americans who donate over time (Figure 2). Within the study, these changes were not attributable to demographic factors which include age, race, family size, and family income. In addition to finding a smaller proportion of Americans who engage in charitable giving, the PPS and the Consumer Expenditures Survey (CE) both showed a decrease in the average amount given by 75% and 47% respectively.

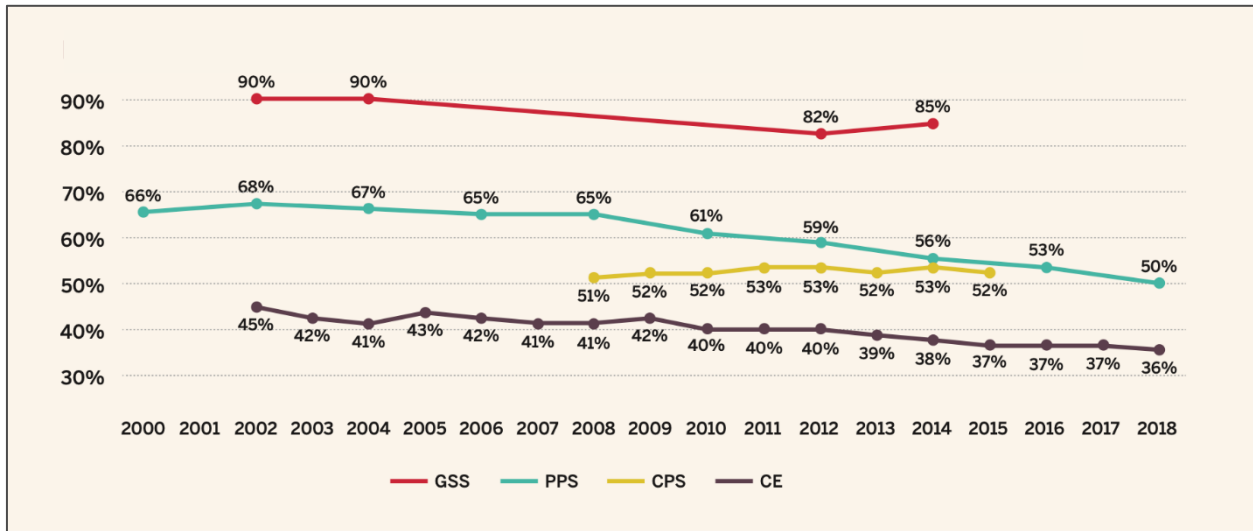


Figure 1: Share of Americans who donate across four datasets (raw summary statistics). General Social Survey (GSS); Philanthropy Panel Study (PPS); Current Population Survey (CPS); Consumer Expenditures Survey (CE)

Source: *The Giving Environment: Understanding Pre-Pandemic Trends in Charitable Giving* (2021). Lilly Family School of Philanthropy

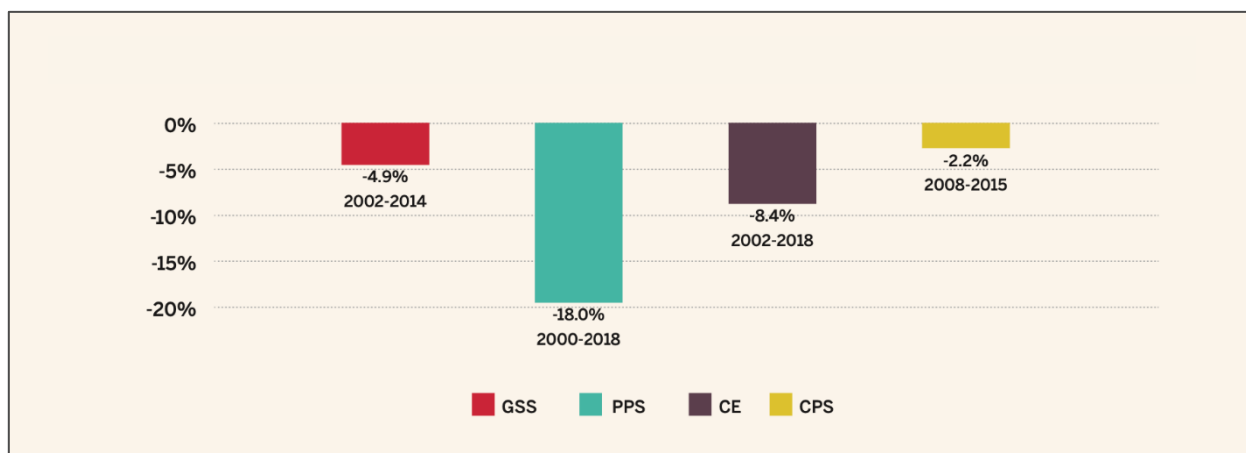


Figure 2: Changes in share of Americans who donate across four datasets over time (regression adjusted)

Source: *The Giving Environment: Understanding Pre-Pandemic Trends in Charitable Giving* (2021). Lilly Family School of Philanthropy

The declines in individual giving coincide with another troubling trend. Individual giving, as a percentage of the total amount of charitable giving, has also been on the decline.⁴ Within the five-year period of 1981-1985, individual giving accounted for 82% of all charitable giving. In 2020, this proportion dropped to 69%. Somewhat counterintuitively, this decline in individual donors and in the overall proportion of individual giving within charitable giving has occurred despite increases in the total dollar amount of giving in five of the last six years.⁵ Taking a closer look at the data reveals interesting information. According to Giving USA, of the \$324.1 billion donated by individuals to charitable organizations in 2020, \$9.508 billion (2.9%) came from a group of five donors, three of whom designated their own foundations as the sole recipient of their donations. However, according to The Chronicle of Philanthropy, the top 50 donors gave a total of \$24.7 billion to nonprofits in 2020, with amounts ranging from over \$10 billion to \$25 million.⁶

⁴ Giving USA: The annual report on philanthropy for the year 2020. 2021. Chicago: Giving USA Foundation

⁵ National Philanthropic Trust [Internet]. Charitable giving statistics. ND. [cited 2022 February 9]. Available from: <https://www.nptrust.org/philanthropic-resources/charitable-giving-statistics/>

⁶ Di Mento M [Internet]. The philanthropy 50. The Chronicle of Philanthropy. 2021 February 9 [cited 2022 February 9]. Available from: https://www.philanthropy.com/article/the-philanthropy-50?cid2=gen_login_refresh&cid=gen_sign_in#id=browse_2021

The decreasing number of donors and annual amounts of charitable donations plus the total sum of mega-gifts by a handful of people hint at an explanation for the increasing dollar amount of donations as the number of donors decreases. Casey Hanewell, who has over 20 years of experience in the social sector, is dedicated to bringing a novel perspective to the social sector. In his blog, Social Quanta, he suggests a plausible cause of the trend in the decline in the number of Americans who engage in charitable giving.⁷ He states that income inequality, as opposed to a decline in religion-induced generosity, may be better able to explain the trends in the declines in charitable donors. He suggests that income inequality impacts both the proportion of American who donate to charitable, both through younger generations and religious households, which he states tend to have less income. If income inequality is a root cause behind the declines in charitable giving, it will be vital to have a better understanding of a more diverse population, including younger generations, and individuals with less disposable income. This focus on a more diverse population can provide insight on how racial and generational wealth-gaps impact how people engage in charitable giving. Potential remedies for this cause can be particularly difficult for many non-profits. Many factors can impact income inequality and growing wealth gaps, including policies and the lawmakers who propose them. Therefore political funding, which is not counted towards charitable giving, may be an important indicator on how individuals strive for social change. This indicator, which is one method through which individuals take action to motivate changes, may also be related to better understanding and reversing the trends in the decline of charitable giving within the United States.

II. Declines in volunteering

Volunteering, which can help build community ties and cohesion, has also seen a decline. A report which analyzed volunteer statistics from the Current Population Survey (CPS) Volunteer Supplement showed that between 2002 and 2015, volunteer rates declined in 31 states (Figure 3).⁸ The same report also noted that in many metropolitan areas, the volunteering rate did not change significantly. The beginning of the COVID-19 pandemic within the United States also had a major impact on the number of volunteers at nonprofits. The total number of volunteers

⁷ Hanewall C [Blog on the internet]. Social Quanta: Are you there God? It's me, income inequality. 2021 October 13. [cited 2022 February 9]. Available from: <https://www.socialquanta.com/posts/religion-income-inequality>

⁸ Dietz N, Grimm Jr. RT. A less charitable nation: the decline of volunteering and giving in the United States. 2019 February 28. Available from: https://cphp.usc.edu/wp-content/uploads/2019/03/Grimm-Robert-Dietz-and-Grimm_A-Less-Charitable-Nation_March-2019-USC-Conference-Paper.pdf

declined by an average of 33%.⁹ This decline was also seen in part-time staff, which together with volunteers, make up 85% of staff at nonprofits. Within the decline in part-time staff and volunteers, rural areas were impacted the most (Figure 4). This offers a potential explanation for the difference between the declines in state volunteer rates and the somewhat stable volunteer rates for metropolitan areas.

There are numerous possible causes for the decline in the rate of volunteers. One potential area of research that could further the understanding of this trend would be to focus on what drives individuals to become active and engaged in volunteering for a cause or a nonprofit. Additionally, further understanding what attributes within a community which impact volunteer rates and charitable donation rates should also be researched.

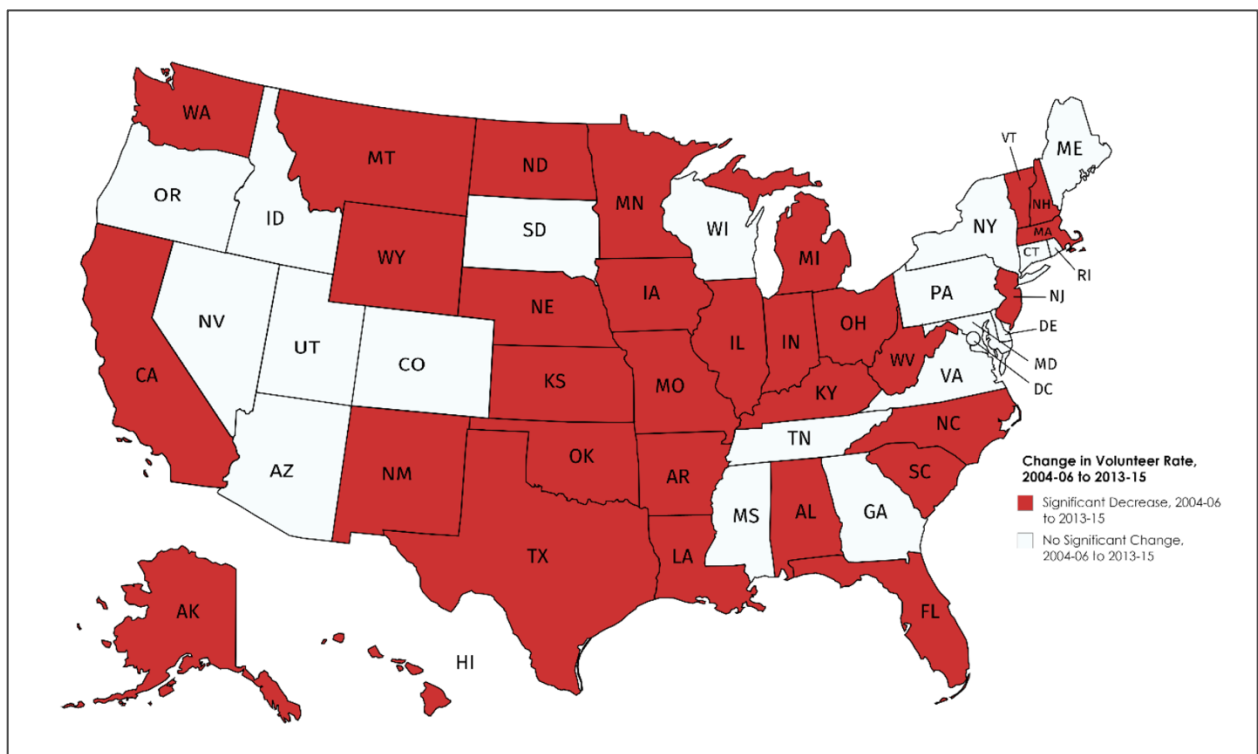


Figure 3: State changes in volunteer rates, 2004-2006 to 2012-2015

Source: Nathan Dietz N, Grimm Jr. R. *A Less Charitable Nations: The Decline of Volunteering and Giving in the United States* (2019) University of Maryland

⁹ Faulk L, Kim M, Derrick-Mills T, Boris E, Tomasako L, Hakizimna N, et al. Nonprofit trends and impacts 2021. Urban Institute. 2021 October. Available from: <https://www.urban.org/research/publication/nonprofit-trends-and-impacts-2021>

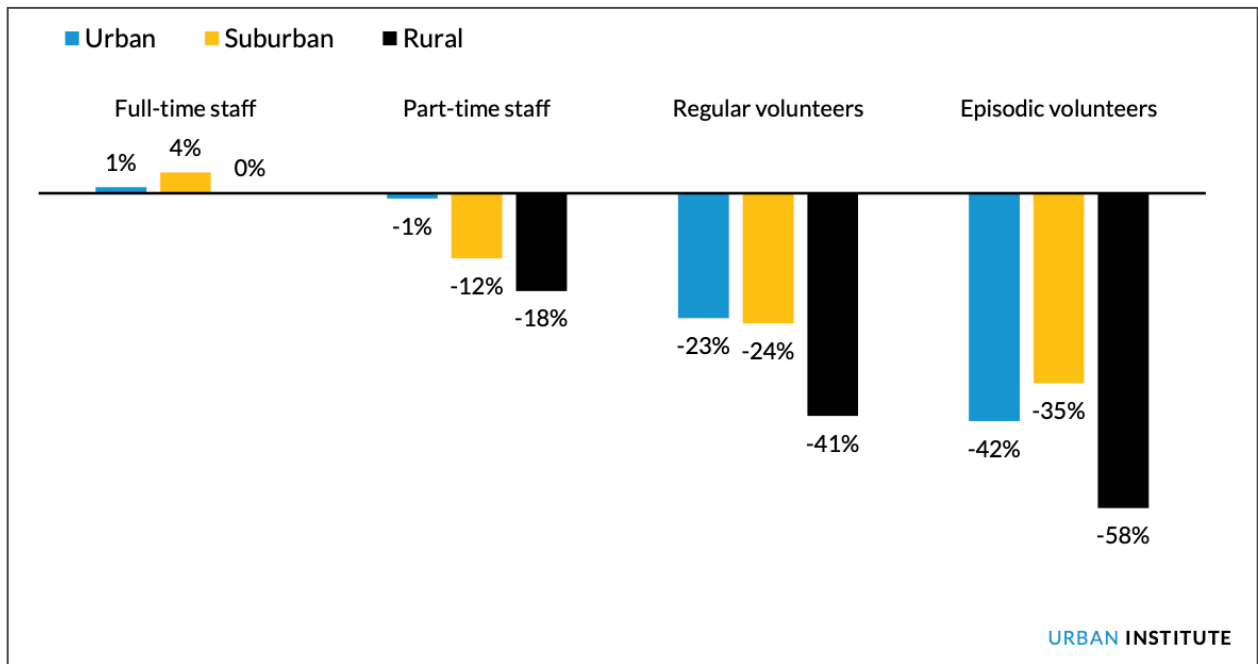


Figure 4: Nonprofits in rural areas experienced the largest declines in staff and volunteers from 2019 to 2020

Source: Fault L, Kim M, Derrick-Mills T, Boris E, Tomaskako L, Hakizimna N, et al. *Nonprofit Trends and Impacts 2021* (2021) Urban Institute

III. Digital platforms and direct giving

Technology is increasingly playing a role in how organizations receive donations and how accessible crowdfunding has become. According to Blackbaud Institute, 13% of total fundraising is from online giving during 2020, representing a 21% increase from 2019.¹⁰ This proportion grows to 18.9% for smaller nonprofits. Additionally, out of the proportion of online fundraising, 28% has come from mobile devices. Technology is also making it easier to give to a variety of organizations, or people directly. Crowdfunding campaigns exist for helping individuals pay for medical bills, and for large nonprofits such as America's Food Fund.

Technology platforms facilitate individual giving by allowing individuals to give more directly to their preferred causes. In a survey of over 1,500 people carried out by the Lilly Family School of Philanthropy, they have found that 31.7% of donors contribute to crowdfunding projects of close friends and family members.

Charidy.com is a successful online platform enabling nonprofits to tap into the crowdfunding trend and continue raising funds successfully. It has helped more than 5,000 nonprofits, including the

¹⁰ Blackbaud Institute [Internet]. Charitable giving report: using 2020 data to transform your strategy. 2021 February. [cited 2022 February 9]. Available from: <https://institute.blackbaud.com/charitable-giving-report/>

CDC Foundation which has raised more than \$51 million¹¹ and considered the largest known crowdfunding campaign for COVID-19.¹²

With the increase of online platforms individuals can now use a more direct approach to fundraising themselves through crowdfunding platforms such as GoFundMe. In, 2020, for the first time in the history of GoFundMe, a single cause, the Georges Floyd Initiative, raised more than \$14 million.¹³ The organization hit a new milestone by raising more than \$1 million from more than 30,000 people in less than a week after the release of Kevin Strickland, a Black man who had been in prison for 43 years after a wrongful conviction.¹⁴

Events remain an important part of nonprofits fundraising strategies. Since the COVID-19 pandemic made it difficult for organizations to raise individual donations through in-person events, many have embraced virtual fundraising events. An online survey of 1,997 nonprofit professionals showed that 62% of nonprofits that converted to virtual fundraising events were more likely to meet their goals or raised more funds.¹⁵ Additionally, technological platforms made it possible for some to maintain or increase their level of engagement, especially for affluent households (\$200k or more).¹⁶ A survey of 1,626 Americans shows that 43% of affluent households were engaged in virtual events and galas and 32% were active in social media.⁸

¹¹ Charidy [Internet]. CDC Foundation crush COVID campaign. 2021. [cited 2021 December 7]. Available from: <https://www.charidy.com/cdcf2020>

¹² Lilly Family School of Philanthropy, Indiana University [Internet]. Crowdfunding across the world. 2022. Available from: <https://philanthropy.iupui.edu/research/covid/crowdfunding.html>

¹³ Ware A, Williams-Pulfer K, Osili U. Racial justice giving is booming: 4 Trends. 9 Oct. 2020. [cited 2022 February 9]. Available from: <https://blog.philanthropy.iupui.edu/2020/10/09/racial-justice-giving-is-booming-4-trends/>

¹⁴ Midwest Innocence Project. Help Kevin Strickland after wrongful conviction. 2021 November 29. [cited 2022 February 9]. Available from: <https://www.gofundme.com/f/help-kevin-strickland-after-wrongful-conviction>

¹⁵ OneCause. Fundraising through a pandemic: virtual pivot insights & 2021 outlook. 2021. Available from: <https://www.onecause.com/ebook/fundraising-through-a-pandemic/>

¹⁶ Bank of America and Lilly Family School of Philanthropy, Indiana University. Affluent Americans expand generosity during the pandemic. 2021 May. Available from: <https://scholarworks.iupui.edu/bitstream/handle/1805/25933/boa-generosity-may21.pdf>

IV. COVID-19

Individuals donate differently during times of disaster, especially if the disaster is of great magnitude and they personally know someone who is affected.¹⁷ The COVID-19 pandemic, which has affected millions and is still causing a significant change in how society operates, has also made a major change in how individuals prioritize causes they support and donate to. For instance, during the time of COVID-19, even though the characteristics of donors remain similar,¹⁸ 93% of affluent households donate to organizations that provide basic needs such as food, shelter, health, and medicine.⁸ Additionally, a large chunk of donations went to vaccine research and other direct services offered by university hospitals (as educational gifts).¹⁹ Through health services offered by academic hospitals, the education sector saw a 9% increase in donations during the pandemic.³ This is mostly due to wealthy individual donors such as Mackenzie Scott, who provided for a total of nearly \$8.5 billion in unrestricted donations to 798 nonprofits, including historically Black colleges and Universities, tribal colleges, and other schools.²⁰ Moreover, during the pandemic, affluent households increased or maintained their donations or volunteer activities, and prioritized their donations to local charities, individuals, and businesses.⁴

¹⁷ Bergdoll J, Clark C, Kalugyer AD, Kou X, Osili U, Coffman S. U.S. Household disaster giving in 2017 and 2018. 2019. Available from: <https://scholarworks.iupui.edu/bitstream/handle/1805/19403/disaster-giving190521.pdf?sequence=1&isAllowed=y>

¹⁸ Paarlberg A, Bergdoll J, Houston P, Osili U, Kou X, Kalugyer AD, et al. Understanding philanthropy in times of crisis: the role of giving back during COVID-19. 2021 November. Available from: <https://scholarworks.iupui.edu/bitstream/handle/1805/26934/philanthropy-crisis-nov21.pdf>

¹⁹ Kulish N, Gelles D. MacKenzie Scott gives away another \$2.74 billion even as her wealth grows. The New York Times, 2021 June 15. [cited 2022 February 9]. Available from: <https://www.nytimes.com/2021/06/15/business/mackenzie-scott-philanthropy.html>

²⁰ Di Mento M [Internet]. Updated: analysis of MacKenzie Scott's charitable giving shows where the money is going. The Chronicle of Philanthropy. 2021 July 19 [cited 2022 February 11]. Available from: https://www.philanthropy.com/article/where-mackenzie-scotts-money-is-going-and-how-much-charities-are-getting?cid2=gen_login_refresh&cid=gen_sign_in&cid2=gen_login_refresh

Implications Due to Declines In Giving

What are the implications for nonprofit organizations and communities of the decline in the number of givers and volunteers?

The nonprofit sector is undergoing major structural changes as individual donors are changing the ways in which they donate. For instance, younger generations (including Millennials and Gen-Z, those born between 1981 and 2012) are less open to typical donor solicitation²¹ and desire to give to causes that they perceive share their sense of urgency. They also seek out charities that make giving more convenient.²² When extrapolated, this translates to larger, more established non-profits receiving less individual giving dollars from this generation, who perceive such institutions as being encumbered and slow in relation to the urgent issues they are focused on.

As Gen Z and Millennials are comprising a larger portion of working age adults, their giving practices may increasingly contribute to the current decline in individual donations to the non-profit sector. According to the Giving USA 2021 report, individual donations are essential to this sector and account for 70% of all donations in the US in 2020.⁴ Additionally, data collected by the Urban Institute on 2,306 501c(3) organizations demonstrates that the decline in individual donations greatly affects smaller organizations (categorized as having a budget of \$500k or less). These smaller organizations consider individual donations as critical to sustaining their operations, especially compared to larger organizations (Figure 5). For instance, these individual donations represented 30% of the annual budget of small organizations. The same survey also demonstrates that smaller organizations lost 46% in revenue and 7% of paid staff in 2020 alone, mostly due to the challenges posed by the COVID-19 pandemic.⁹

²¹ Give.org. Donor trust report 2020: the pandemic and a three-year retrospective. 2020 November 9. Available from: <https://www.give.org/docs/default-source/donor-trust-library/2020-donor-trust-report.pdf>

²² Sparks & Honey, Morgridge Family Foundation. Future of giving 2020. 2021. Available from: https://static1.squarespace.com/static/5b553895697a98cf2cef2bc6/t/5fab44f99623ef510ba08de0/1605059844223/Future+of+Giving+2020_sparks+%26+honey.pdf

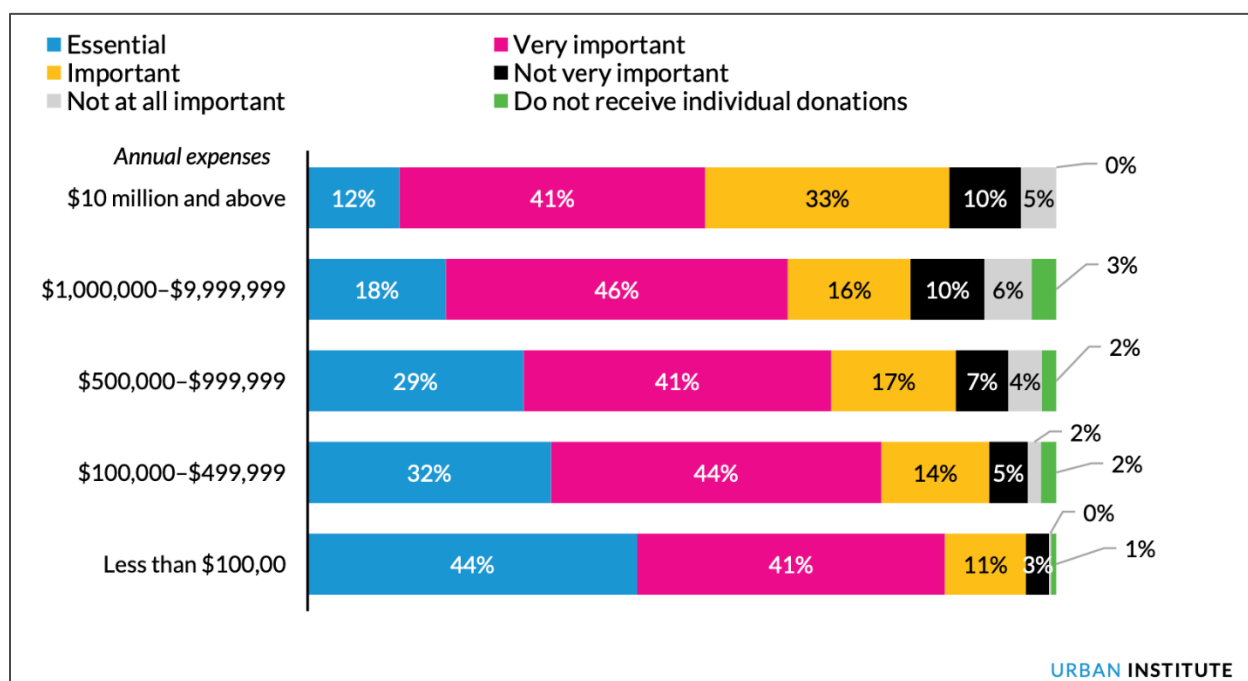


Figure 5: The majority of nonprofits report that donations from individuals are essential or very important to their work, and they are especially important for smaller nonprofits.

Source: Fault L, Kim M, Derrick-Mills T, Boris E, Tomaskako L, Hakizimna N, et al. *Nonprofit Trends and Impacts 2021* (2021) Urban Institute

I. Impact of unrestricted giving to organizations

Individual donations are typically understood as unrestricted, small amounts that facilitate nonprofits spending on their operations. Conversely, grants and other restricted donations allow for only a certain percentage to be used for administrative or operational activities. Yet the demand for nonprofits' services continues to grow, and they must rely on a variety of funding to meet these dynamic challenges. Unrestricted funding is vital because it provides needed flexibility to respond to crises and continue to provide or expand their services.⁹

Gifts from affluent households and large unrestricted donations during 2020 were very important to many organizations facing challenges related to the COVID-19 pandemic. Thanks to those funds, many organizations were able to pivot their strategies to meet the challenges that the COVID-19 pandemic posed. Understanding the complexities behind these challenges, the philanthropy sector has attempted to remain agile in order to support challenges facing nonprofits with restricted grants.⁴ According to a 2021 report from the Council on Foundations, a significant number of funders were indeed making these, and other practice shifts in response to COVID-19 and the global uprising for racial justice.²³ Yet this alone may not

²³ Enright K [Internet]. How much we give is important, but how we give it is, too. Stanford Social Innovation Review. 2021 January 4. [cited 2022 February 9]. Available from: https://ssir.org/articles/entry/how_much_we_give_is_important_but_how_we_give_it_is_too

sufficiently demonstrate the full necessity of unrestricted grant funding. Grey literature shows that unrestricted funding may allow organizations to be more flexible in responding to crisis, while supporting organizational and financial sustainability.²⁴ There is also a growing movement around wage equity and livable wages in the nonprofit sector. Choose 180 a Seattle based nonprofit raised all staff salaries to \$70,000 minimum based on conversations Sean Goode, the CEO has with his staff to better understand their living conditions.²⁵ Understanding this sector requires a deeper investigation of empirical evidence that explores how unrestricted support can provide the operational cushion that nonprofits desperately need.

II. Greater reliance on large donors

The most significant implication of trends in the reduction of the every-day donors is the increased reliance on fewer, larger donors. In *Gilded Giving 2020*, they note the increasing proportion of contributions coming from donors at the top of the income bracket.²⁶ In 2000, 32% of households who earned at least \$200,000 claimed tax deductions for their charitable contributions. In 2017 that number increased to 52%. Similarly, households who earn \$1 million or more have gone from making up 12% of all charitable deduction claims in 1995 to 33% in 2017. The report goes on to lay out several risks that may be associated with a greater reliance on large donors. Shifting the focus from lower dollar donations to major gift fundraising increases the risk for mission distortion. Due to the power imbalance between nonprofits and large donors, nonprofits may feel pressure to shift their mission to ensure they maintain the interest of major donors. This reliance may also have a greater impact on smaller nonprofits since they may not have the established relationships with major donors. Smaller nonprofits may also be likely to receive these gifts due to a lack of major donor programs and a smaller capacity to manage larger donations. And lastly, there are risks in having a higher concentration of charitable giving in fewer and fewer hands. Although well intentioned, having more nonprofits answer to fewer donors can shift the philanthropic landscape in a less democratic direction, as fewer individuals have a disproportionate influence on the directions and choices nonprofits make.

²⁴ Wiepking P, de Wit A. Unrestricted impact: field note on a mixed-method project studying the effects of unrestricted funding on grantees' organizational and project impact. *International Review of Philanthropy and Social Investment. Journal*, 2020, 1(1) 97–98. September 2020.

²⁵ Ishisaka N. A King Country nonprofit raised all staff salaries to \$70,000 minimum. Will more organizations follow? *The Seattle Times*. 2021 November 16. [cited 2022 February 11]. Available from: <https://www.seattletimes.com/seattle-news/labor-shortage-or-living-wage-shortage-one-king-county-nonprofit-is-taking-a-different-approach/>

²⁶ Collins C, Flannery H. *Gilded giving 2020: how wealth inequality distorts philanthropy and imperils democracy*. 2020 August. Available from: <https://inequality.org/wp-content/uploads/2020/07/Gilded-Giving-2020-July28-2020.pdf>

Diverse Forms of Generosity

What is the level and social impact of new diverse forms of giving and volunteering?

There have been major changes in the ways individuals can give and volunteer. The increase in the accessibility of technology has translated into an unprecedented increase in the ways individuals can both give and receive resource and services. These changes should not only help prompt a reimagining of the landscape of philanthropy and charitable giving, but they should also encourage a broader and more inclusive definition of generosity. To more fully understand the level and social impact associated with individual's generosity, it will be important to understand all the ways individuals utilized their time, treasures, and talents. An important step in this process involves utilizing a more standardized definition that is not only accepted and measured by a variety of organizations, but one that is aligned with how individuals view their own generosity.

Prior to the onset of the COVID-19 pandemic, significant shifts within the giving landscape drew attention and raised further questions. The Philanthropy Panel Study (PPS) had shown a significant reduction in the number of U.S. individuals who gave to charitable institutions.¹ They reported that from 2000 to 2016 an estimated 20 million individuals in the U.S. are no longer giving to charitable institutions. In their analysis of the PPS, researchers also noted the importance of recognizing the role of technology. Although technology has greatly increased the ways in which people can give and the reach organizations have to raise funds, data assessing the impact of these new forms of giving are sparse. While many organizations report the donations they receive, it is not necessary to provide the level of detail that will differentiate the various methods of giving. Additionally, there has been more of a focus on understanding what counts as generosity, and more importantly, recognizing that some forms of generosity have often not been included.

I. The level of diverse forms of giving

The Urban Institute, a nonprofit research organization providing high quality data on a wide range of issues related to upward mobility and equity published two infographics in 2017 and 2018 focused on different measures of giving.²⁷ In the 2017 infographic, "On Track To Greater Giving", information was provided on three main categories, forms of giving to watch for potential growth, areas to watch for changing patterns in giving, and growth indicators. In 2018, the Urban Institute provided an update to select indicators reported on previously.²⁸ Their findings highlighted several trends in charitable giving as well as some different forms of giving to watch for growth which are not often included in conversations regarding individual's generosity. They noted that, according to the Pew Research Center, 22% of adults donated and average of \$50 through a crowdfunding platform. Data obtained from the

²⁷ Urban Institute. On track to greater giving. 2017. Available from: https://www.urban.org/sites/default/files/2018/12/20/ui_ontracktogreatergiving_poster.pdf

²⁸ Urban Institute. 2018 update on track to greater giving. 2018. Available from: https://www.urban.org/sites/default/files/2018/12/20/ui_ontracktogreatergiving_poster.pdf

MasterCard Center Donation Insights report showed that the growth in online donations was 8.6% in 2016, which then fell to 4.8% in 2017. Other indicators included the growth in the number of independently run giving circles, increases in Giving Tuesday gifts, and a single charity which accepts bitcoin reporting \$7 million and \$69 million in donations of cryptocurrency. For forms of giving to watch, the infographic noted that over 60% of consumers purchased socially responsible goods and services and around 20% of survey respondents preferred purchasing socially responsible products to donating to charities. They also noted that 5.8% of contributions reported by the Mastercard Center Donation Insights report went to political organizations in 2016. These key indicators shed light on important trends which were taking shape during 2016 and 2017.

Considering the changes which occurred due to the COVID-19 pandemic, arguably the most important information provided were three insights:

- Measuring Giving Levels – Despite a significant amount of effort being spent measuring giving levels and practices, there is still much work to be done. Ensuring data on giving is representative and reliable will require not just additional attention and time, but it will also need to be innovative to keep up with technology and the new ways individuals can give.
- Understanding why indicators are important – They stated that indicators not only shape how people think about charitable giving but that they also frame the debate and decision-making around giving.
- What Counts as Giving – They proposed broadening the scope of what counts as giving. While tax-deductible donations to registered public charities has a significant impact of many organizations and the communities they serve, that is only a partial measure of generosity within the U.S.

II. Broadening the definition of giving and volunteering

Furthering the conversation of how people in the United States show their generosity, the Center of Philanthropy and Civil Society conducted research asking individuals how they gave (**How we give now**)²⁹. Through 33 conversations with 338 individuals throughout the United States between June and November of 2019, the Center of Philanthropy and Civil Society was able to describe 22 distinct categories of giving (Table 1). Included within these categories were volunteering and donating money to charitable and religious organizations. However, this report also described other methods of ways people give that have not been measured as thoroughly. Some of which include choices around purchases or conscious consumption, the environment, and civic engagement. Although donating money was one of the most frequent ways individuals gave, it is only part of many ways of giving individuals participate in. The report also noted concerning challenges which may reduce monetary giving in the future. The insecure economic future was mentioned often by participants. The

²⁹ Bernholz L, Pawliw B. How we give now: conversations across the United States. Stanford Center on Philanthropy and Civil Society, Digital Civil Society Lab. (2020). Available from: <https://pacscenter.stanford.edu/publication/how-we-give-now-conversations-across-the-united-states/>

report then stated how older model of consistent monetary donations through payroll deductions are becoming out of reach for more and more individuals. This further highlights the need to better understand how individuals define and view their expressions of generosity beyond monetary donations to charities and foundations.

Category	Frequency of mentions (n=2277)
Donating money	16%
Volunteering time	16%
Sharing kindness	10%
Donating in-kind	7%
Leading	5%
Environmental choices	5%
Engaging civically	4%
Mentoring others	4%
Engaging in family roles	4%
Educating others	4%
Purchasing choices	4%
Religious practices	4%
Career	3%
Promoting philanthropy/giving circles	3%
Advocating	2%
Creating connections	2%
Learning	1%
Cooking	1%
Engaging in social media	1%
Creating art	0.5%
Donating bodily resources	0.3%
Caring for self	0.2%

Table 1: Frequency of responses for how study participants described their giving.
Source: Bernholz L, Pawliw B. How we give now: conversations across the United States. Stanford Center on Philanthropy and Civil Society, Digital Civil Society Lab. (2020).

Motivations for Impacting Social Outcomes

Where do giving and volunteering fit among the different forms of civic engagement?

What is the relationship between giving and volunteering on the one hand and a healthy democracy on the other?

How do changes in participation in giving, volunteering, and civic engagement impact social outcomes and issues such as social justice and racial and gender equity?

As discussed in the previous section, new trends are guiding the philanthropic space. There is an increased acknowledgement that contributions aimed at impacting social outcomes can be through a variety of mediums in addition to donations to charities. Millennials, or groups born between the years of 1981-1996, are increasingly dictating the landscape of what it means to actively participate in a society that is being shaped by the climate crisis, economic instability, and lasting racial inequality.³⁰ These experiences have moved younger generations into engaging with philanthropy in ways that mirror the urgency and importance of the issues they care about. We will explore a few of these trends below. These diverse forms of giving are marked by the increasing use of technology, innovation, and youth activism. The graphic below demonstrates the wide scope of the different types of philanthropic giving that people are engaging in today.

Technology Platforms	Conscious Consumerism	Horizontal Giving	Science-First Funding	Micro Funding
<ul style="list-style-type: none">• Crowdfunding• Bitcoin• Google Assistant	<ul style="list-style-type: none">• Social Enterprises• B Corps• Brands as benefactors	<ul style="list-style-type: none">• Giving circles: 225% increase from 2006-2017• Hyper local issues• Mutual aid	<ul style="list-style-type: none">• Environment & Climate Change• COVID-19	<ul style="list-style-type: none">• TikTok• Instagram• Youth as activists

We examine a few theories as to why these shifts are occurring below.

³⁰ Points of Light. Civic life today: a millennial perspective. 2021 September. Available from: <https://www.pointsoflight.org/civic-engagement-research/>

- I. **Individuals' perceptions and their motivations are tied to the urgency of current societal issues.** According to a report by the cultural intelligence consulting group Sparks & Honey, recent monetary giving to climate resilience and general economic inequality are in response to the heightened awareness about collected vulnerabilities and the urgent need to address them. Generation Z, born between 1997-2012, feel this urgency acutely. They have been raised in a society and world with deep inequality, rising climate degradation, and a global pandemic. They perceive traditional philanthropic institutions as moving too slowly and being a part of a system where deep inequalities are engrained. The same report argues that their actions are less rooted in giving physical dollars, and more in nuanced mediums such as conscious consumption. This term represents the actions taken in consumption choices that consider the impact on the environment and society as a whole. Younger generations that are disillusioned with traditional mechanisms of philanthropy are using these mediums to try new methods of change and civic engagement – by attempting to address the root causes of such problems. According to a report by The Conference Board, 81% of consumers globally feel strongly that companies should do more to preserve the environment. Their resulting actions are reflective of this shift, and many are starting to use their money to prevent, rather than clean-up, irreversible societal damage.
- II. **Motivations for individual giving are deeply rooted in our cultural, ethnic, and socioeconomic behaviors.** Aside from altruism, motivations to help others are embedded in our understanding of our place in society. Broadening the understanding of the variety of cultural and socioeconomic motivations which influence giving behaviors will be key to reimagining a more inclusive definition of generosity. This report notes that traditional philanthropy may not fully include the giving behaviors of those who don't participate in the models of fundraising which are beginning to make up a larger proportion of how individual donations are raised. This is especially true for those who are on the receiving end of those funds. As such, there is a stark difference in raising versus giving away money. Raising money and its usage to redistribute wealth is seen as one of our most effective tools in charitable giving. This highly engrained tradition in American society of raising money from the wealthy has dominated our understanding of who are the largest givers in American society. However, this top down, or “vertical”, approach makes solving societal issues harder because of the distance between funders and beneficiaries. Bottom up, mutual, or “horizontal” aid, outlined in Matthew Whitley's piece, “Why ‘Mutual Aid’? Solidarity, not Charity,” describes this phenomenon as building the structures of cooperation through giving within social classes, rather than relying on the state or wealthy philanthropists to address urgent societal needs. These horizontal networks of solidarity are the embodiment of community sustainability, rooted in ideas around direct participatory democracy, self-

management, and decentralization. Whitley details several examples of these mutual aid networks, such as occupied buildings which provide refugee housing in Europe, self-managed security and medical clinics in Greece, Autonomous Tenants' Unions in Chicago, self-organized "free schools" across the U.S., and even regular labor organizing. Activists participating in these activities are most likely not captured by our traditional data collection methods around giving, but they are nonetheless participating in and promoting generosity and solidarity for those in need.

- III. Building social and community resilience motivates people to give.** According to one study done by the researchers at the Queen Mary University of London, those who are less wealthy are more generous with their cash. The study demonstrates the complex and nuanced phenomenon of the ways we gain access to resources being a decisive factor in how we behave with others. The study also demonstrates how empathy has, "next to no impact on promoting pro-social behavior, in other words contributing money to the group pot." Instead, New York Times opinion author Tressie McMillan Cottom argues that doing for others is grounded in motivations around giving your best and affording people their dignity when they most needed it, with the expectation that when others' time came to be on the receiving end of such giving, people would return the gesture. These social norms are more engrained within lower-income groups because "giving establishes a culture of reciprocity, one that not only meets material needs but also builds the political power and social connections that make them more resilient." This resilience is harder to quantify but may shed light into the changing giving patterns between different socioeconomic groups within the United States.

Conclusion & Recommendations

The philanthropic landscape is currently witnessing major transformations. American demographic changes and the advent of social media and technology are shifting the ways in which people engage in generosity and individual giving. For instance, technology has amplified the reach of individuals and organization to solicit funds while also providing a multitude of ways and cause to which individuals can give. To understand these, it will be important to open the field to understanding individuals' hyper current perceptions and behaviors about the philanthropic sector.

To support the Generosity Commission's quest to improve the understanding of, and overall participation in individual giving, we recommend the following actions:

DATA COLLECTION AND SURVEYING

- I. **Create industry-standard guidelines regarding survey questionnaires to increase the ability to compare findings from different studies.** IRS data and self-reporting surveys are the main avenues by which the nonprofit sector captures information about the impact of the decline of individual donations. Though surveys are a useful mechanism for collecting information from diverse perspectives, these surveys can differ greatly. Slight differences in wording, the participant's understanding, and differences in study design can be responsible for many of the differences seen. This also limits the ability to compare studies despite similar study aims and questions regarding giving behaviors.

In his blog, Casey Hanewall, curator of the social sector marketplace social quanta, shows a gap in giving in 26 million households in two separate reports from the Lilly School of Philanthropy in July and August 2021.³¹ one study reported that 49.6% of American households gave an annual average of \$1,280 to charity in 2018.³ the other study stated that 71.3% of American households gave an annual average of \$2,318 during 2019.³² the discrepancies between these two data points highlights the necessity to rethink and perhaps standardize data collection methods. Using this example, it would theoretically be challenging for the philanthropic sector to work towards common goals when operating under different assumptions and data points

- II. **Ensure bias is accounted for within survey sampling techniques and when drawing conclusions from research.** When relying on data from surveys, it is important to ensure the respondents are truly representative if conclusions are to be drawn about the U.S.

³¹ Hanewall C. A tale of two surveys. Social Quanta, Sept 16, 2021. [cited 2022 February 9]. Available from: <https://www.socialquanta.com/posts/a-tale-of-two-surveys>

³² Banks P, Osili U, Bhetaria S, Boddie S, Buller M, Chen W, Daniels D, et al. Everyday donors of color: diverse philanthropy during times of change. 2021 August. Available from: <https://scholarworks.iupui.edu/bitstream/handle/1805/26496/donors-color-report.pdf>

population as a whole. While there are techniques such as oversampling from populations which tend to be underrepresented in surveys, it may be necessary to redouble these efforts. This is especially true for people who are younger, more diverse, and represent a wider range of incomes. Techniques such as snowball sampling have been utilized successfully to enroll hard to reach population, however, this method of recruiting will bias surveys to individuals who have a wider network of friends or associates. It will also be important to find ways to interview individuals who may not have as many community ties, since they may have helpful information on the barriers to giving and volunteering that they face. Additionally, future research should ensure information is provided to can provide a clear description of the demographics of individuals who have participated within a study.

- III. Conduct qualitative research to better understand the intrinsic motivations behind individual giving.** To better address the decline in volunteering and donating to charitable organizations in the U.S., it will be necessary to understand what steps which occur before people begin volunteering and donating. Building off studies such as the Center of Philanthropy and Civil Society's How We Give Now can capture the nuanced details on not just how people give, but why. However, it will be vital to ensure participation from a diverse range of people who are and aren't engaged in philanthropic giving.

TECHNOLOGY, YOUTH & ACTIVISM

- I.** Invest in research that examines how the pathways, motivations and behaviors differs amongst individuals and groups in online giving platforms. Philanthropy Impact defines "giving time" as the skilled and unskilled contribution of volunteers either in an organization's regular volunteering program or through professional, financial, or legal advice. Their examples include, "mentoring the charity's senior staff, fundraising through your networks of contacts, or becoming a trustee [in the organization]."³³ This traditional way in which we view volunteering one's time for a cause or organization is important to understand how the philanthropy space exists today. However, it paints an incomplete picture of where philanthropy is moving and neglects many of the ways individuals use their time to impact social outcomes. In the wake of the murder of George Floyd's and subsequent Black Lives Matter protests for racial justice, research demonstrates that "time spent learning about an issue" was the number-one action millennials took to support social causes.³⁹ It is important to note how this action would not normally be captured in traditional philanthropic data collection methods. Yet perhaps for this movement, spending time learning about the history of systematized racial injustice within the United States may have been the most impactful catalyst for the movement itself. And motivated by this knowledge, it's very possible that individuals may have become more likely to spend additional time and money to combat structural racism. This could include supporting Black-owned businesses through conscious

³³ Philanthropy Impact [Internet]. [cited 2022 February 9]. Available from: <https://www.philanthropy-impact.org/giving-time-understanding-impact-setting-objectives/giving-time>

consumption, donating to political candidate who shared their views, engaging in mutual aid, and a variety of other actions. However, while this is just one example of a cause that many have been moved by, the same is likely true regarding many causes that motivate individuals, from abortion rights to gun rights, the underlying is likely the same. However, it is important to recognize how issues today affect the ability and ways individuals can express their generosity. Rising wealth disparities within the United States can serve as a lens through which to view the changing giving landscape. Different socioeconomic groups operate under different cultural and behavioral norms, which ultimately dictate how they participate in a charitable manner.

- II. **Invest in understanding diverging generational viewpoints regarding trust and impact of nonprofit organizations.** It is inevitable that different generations will have different metrics of trust and expectations of the organizations and institutions within their society. However – traditional means through which philanthropic organizations convey trust as a catalyst for facilitating donations are changing. For example, according to the same report from Sparks & Honey, only 50% of Gen Z rate trust in a charity before giving as essential, compared to 80% for older demographics. Older demographics tend to be more interested with financial ratios, third party evaluations, and external validation for the way their money is spent. Younger generations, deeply impacted by the crises of our time place more of an emphasis on inclusivity, meaning, and emotional connection with the causes they care about.
- III. Capitalize on the public's heightened activism for social and environmental issues by partnering better with the private sector. Buying socially minded products allows people to feel and act like activists, which is a powerful mechanism with which to harness the power the private sector holds. This shared sense of common purpose presents a massive opportunity for philanthropies to partner with private sector enterprises by growing the awareness of the issue or organization that a business supports through their goods and services, it attracts new consumers to businesses aiming to “do good,” and it puts sizeable amounts of money towards incentivizing socially and environmentally sustainable practices for businesses not yet engaged in this space.

RISING DIVERSITY AND SOCIAL NETWORKS

- I. **Redefine or rescope “volunteerism” and generosity to capture diverse perspectives on how individuals and socioeconomic groups define these behaviors themselves.** This would in theory help people within this field understand the full ecosystem of United States charitable participants. In addition, defining where volunteerism fits within social and civic engagement will be important in terms of how we measure and report on it. Expanding our understanding of volunteerism can better help us understand the motivations of all

generations and the ways in which they view their individual action contributing to better societal outcomes. For example, someone who volunteers at a food bank may see themselves in society as holding more sway by lending their time to feed and shelter someone, while another person who attends a Black Lives Matter protest sees themselves as being able to contribute to the betterment racial and social outcomes through marching and protesting racial injustice. However, under a more traditional definition of volunteering, time spent at the food pantry would be counted, while protesting would not. But both are important and shape our understanding of “giving” in different ways.

- II. Think critically to better the philanthropic community’s understanding of civic engagement and charitable giving – especially among an increasingly diverse and wealth-stratified population. The rising wealth disparity and economic uncertainty many people face influences not only how people choose to express their generosity, but the causes they choose to support. Individuals who once made consistent donations to national food organizations may instead donate that money to politicians who want to implement policies to end hunger and reduce poverty. Or they may choose to pick up extra groceries to leave within community fridges and pantries in their neighborhoods. They may instead choose to purchase more expensive brands that promise to donate money or food for every item of their brand that is purchased

- III. **Focus efforts on ways to strengthen horizontal giving networks: mutual aid, giving circles, collective philanthropy.** Mutual aid is not a new concept, nor is it hyper-specific to the philanthropy space. Evidence has shown the practice of mutual aid has been highly engrained in Black American behaviors and intergroup relations since slavery. Believing we are experiencing a “rebirth” of mutual aid has been historically debunked, when in fact, according to author Caroline Hossein, general trends towards mutual aid in the U.S. should be understood, not simply or principally as a return to earlier giving habits, but also as an echo of ongoing giving practices among the Global majority around the world.” The philanthropic community could benefit from better understanding these trends as not new practices, but ways in which to approach populations whose giving practices are not rooted in Western, capitalistic understandings of personal wealth. If the goal is to extrapolate giving practices to democracy, we believe this recommendation is one of the best ways to do this. Cotton describes this in her NYTimes piece: Mutual aid is a corrective for our culture’s competitive individualization, which has isolated us from one another. Strengthening democracy happens at this grassroots level, especially in areas where collectivism in society is more naturally, and deeply rooted.

In conclusion, people express their generosity in a multitude of ways. Although individuals and even organizations may often adopt a narrower view of philanthropy, many communities, especially marginalized communities, have embraced a mentality of aid that is dichotomous to our traditional understanding of philanthropy. Whether this is providing financial support, providing a safe and welcoming home to stay at during a crisis, or any of several ways to share one's time and resources in support of another, many individuals have shown their generosity through these means. However, assessing the amount of donations causes and organizations receive is a vital measurement of giving and has important implications for an organization's reach, it is an incomplete picture of an individual's generosity. To better understand the impact of individual giving, and to reimagine philanthropy in a way that engages Americans of all walks of life, the way generosity is defined and measured will have to center individuals and communities. By centering individuals and the communities, they comprise, measurements for generosity can not only begin to measure the true impact of individual giving, but a greater understanding of what leads individuals to initially become involved in a cause can be discovered. This will make it possible to reimagine philanthropy in a way that builds community, social capital, and ultimately greatly contribute to the resilience of our democracy and our overall society.