

IDEAS & ADVICE

August 11, 2013

Raising Money in a Changing World

By Nicole Lewis

The deepest downturn since the Great Depression may seem like the biggest seismic shift charities face.

But it's America's demographic transition that has the potential to transform the philanthropic landscape.

Nonprofits such as the Silicon Valley Community Foundation are already laying the groundwork for learning about the wishes and hopes of new groups of donors.

"Charities that don't recognize demographic trends are going to shrink and ultimately go out of business," says Emmett Carson, the foundation's president. "The populations in the past that have supported them spectacularly will not have the base to support them going forward. This is adapt, change, or die."

Demographic Shifts

White Americans will no longer be the majority.

By 2045, people of color will outnumber whites in the United States, according to the U.S. Census Bureau. A shrinking pool of Caucasian donors means fundraisers need to focus on burgeoning minority groups.

Women are gaining economic power.

Forty percent of women with children under 18 are the primary breadwinners in their households, according to the Pew Research Center. And of those, 37 percent are married women who earn more than their husbands.

What's more, nearly half of the students now enrolled in law and medical school are

women, according to the National Center for Education Statistics, an indicator they will eventually work in those high-income fields.

As women's earning potential continues to rise, the opportunity for larger donations increases as well.

Today's young adults will push philanthropy to change.

Born beginning in the early 1980s, this generation is more demanding than others, seeking concrete results from their gifts and showing little interest or allegiance to organizations the way their grandparents did. But charities that can satisfy their hunger for impact—and tap into their desire for hands-on engagement—will be ahead of the game.

Baby boomers are reaching their prime giving years.

The 76 million Americans born from 1946 to 1964 now drive philanthropy, contributing a bigger share of total donations than any other age group, according to a new [study](#) by Edge Research, Sea Change Strategies, and Target Analytics. They represent 34 percent of all donors but are responsible for 43 percent of all individual giving, for a total of \$61.9-million a year, according to study released last week.

Boomers are at an age when people often get organized about their philanthropy; a new study by Fidelity Charitable of its 94,000 donors found that the average person starting a donor-advised fund is 54 years old.

Lesbian and gay donors are growing more visible.

The debate over same-sex marriage invigorated this group politically and spurred giving to political causes that could be directed to charities more broadly.

About a third of gays and lesbians say they have donated to politicians or political organizations because of their support for LGBT rights, including 15 percent over the past 12 months, according to a Pew Research Center study released in June. It's now up to charities to put out the welcome mat and seek their support.

Secularism is on the rise.

Roughly one in five Americans now claims no religious affiliation, according to the Pew Research Center, a share that has been rising over the past few decades and is even higher among people in their 20s and early 30s—a sign with strong implications for philanthropy, as studies show that donors who are religious tend to give more to charities of all kinds.

Over the past several decades, religious giving has decreased as a share of all giving, according to “Giving USA” figures, and even donors who are driven by faith are showing increasing flexibility about where their money goes.

For instance, a study due in September of more than 3,000 Jewish donors by Jumpstart, a philanthropy research organization, found that 33 percent said they would be more inclined to support a Jewish charity if it also served people who aren’t Jews. But that share leapt to 46 percent for donors under 40.

Tailored Messages

While nobody knows for sure whether the demographic shifts now underway will lead overall giving to rise, it seems likely that a changing America will continue to give.

Americans of all races and ethnicities tend to donate to charity at roughly the same rate when differences in education and finances are taken into account, according to research by Indiana University’s Lilly Family School of Philanthropy.

“That suggests that nonprofits can be successful at raising money from all different groups as long as they identify and build relationships with those donors,” says Una Osili, head of research at the school.

A report last year by the W.K. Kellogg Foundation offered a snapshot of philanthropy by women and minorities that indicates enthusiasm for giving.

Kellogg found 400 funds that are organized by blacks, Hispanics, and other minorities that contributed an aggregate of \$400-million annually.

“Giving from donors in communities of color is definitely growing,” says Alandra Washington, director of family economic security programs at the foundation.

“There is a real appetite and hunger for people to be able to engage and participate in finding solutions in areas of challenge in their communities and using

philanthropy as a vehicle to do that.”

Earning Donations

The Silicon Valley Community Foundation, located in a diverse region known for its technology wealth, was able to build on that appetite. But, says Emmett Carson, president of the foundation, success didn’t happen overnight.

After the 2001 earthquake in Gujarat, India, the foundation connected with Indian-Americans who wanted to send help. Foundation staff members have since spent time researching issues important to those donors and recruited several Indian-Americans to serve on its board and join its staff. Last year, the group published a report on the philanthropy of Silicon Valley Indians.

The foundation’s efforts helped produce about a dozen donors interested in giving to India who have contributed a total of nearly \$1.5-million.

The fund is now working on a similar report about Chinese-American philanthropy in the Bay Area that will be published in November.

“We believe you have to earn your way into a community over time with trust,” says Mr. Carson. “By having people on the board level, having a diverse staff, and by faithfully taking on issues that are of interest to that community, we are authentic to them when we reach out to them to support their work.”

Not only do fundraisers need to educate themselves about the causes different groups hold dear but they also need to know how to communicate with each one, says Judith Nichols, a fundraising consultant and demographics expert.

Sometimes the same message can be interpreted in different ways by various groups of potential supporters.

For instance, when she worked with Girl Scouts of the USA, Ms. Nichols says, the charity held an information session in Southern California about their camp programs.

White mothers attended with their daughters, Hispanic families sent only their fathers, and many Asian families who were invited to attend did not, she says, because the word “camp” had a negative connotation to them.

In the past, fundraisers would send the same direct-mail appeal to all donors, but strategies have changed along with the country's population, says Ms. Nichols. "You've got all these groups that are very unique, and you can't approach them all the same way."

Diverse Staffs

The challenge for mainstream charities will be how to attract these donors, who might be new to their mission.

A few years ago, the National Parks Conservation Association recognized that its visitor rolls, staff members, and board composition did not reflect the country's growing diversity.

The group has since been working to create programs that highlight parks near urban areas and plans to expand its board of trustees to include more women, younger people, and minorities. The charity also hopes to recruit a more diverse staff and eventually to seek donations from an increasingly diverse pool of donors.

"Not only is it the right thing to do but it makes great business sense as well," says Theresa Pierno, the group's acting president. "The only way we can continue to protect national parks for the future is to make sure all populations understand and appreciate their benefits."

Other nonprofits also must take steps to get ready to tap a more diverse set of donors, says Mae Hong, director of Rockefeller Philanthropy Advisors, which counsels many of the nation's wealthiest donors. "Organizations that don't find a way to build on those relationships, I say, they are leaving money on the table."

Raymund Flandez and Heather Joslyn contributed to this article.

Comments

1 0 :red b

Add a comment



janefund

0 comments 0 likes received

Type your comment here.

POST AS JANEFUND

Showing 1 comment

Sort by Follow comments: [✉ by e-mail](#) [📡 by RSS](#)

Real-time updating is **paused**. ([Resume](#))



Dr. Susan Aurelia Gitelson 1 day ago

Very encouraging analysis highlighting how many people neglected until now will give more if appealed to through the groups they identify with by gender, age, ethnic and religious background, etc. More and more people will become more active givers and volunteers if they can see and participate in charities and activities they feel are worthwhile!

Dr. Susan Gitelson, author, *Giving Is Not Just For The Very Rich: A How-to Guide for Giving and Philanthropy*

2 people liked this.

LIKE

REPLY