

Charitable Giving in the Wake of COVID-19

A nationwide study conducted by DickersonBakker to shed light on how COVID-19 will impact charitable giving to faith-based nonprofits

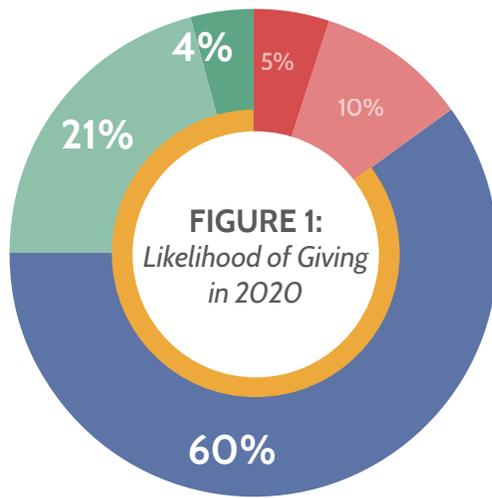


This study was conducted by DickersonBakker's research specialist, Dr. Paul Virts. Dr. Virts has a doctorate in communication research and over 30 years' professional experience conducting marketing and donor research.

Charitable Giving Expected to Hold Steady or Even Increase in 2nd Half of 2020

A new nationwide study conducted by DickersonBakker provides answers to many questions that nonprofit leaders are asking about how COVID-19 will affect charitable giving in 2020.

Importantly, this study shows that an overwhelming majority of the donors surveyed (85%) expect to continue giving through the end of 2020 at the same or even at a higher level than they did in 2019.



Donors expect their giving in 2020 to ...

- 4% ■ INCREASE Significantly
- 21% ■ INCREASE a Little
- 60% ■ STAY THE SAME as 2019
- 10% ■ DECREASE a Little
- 5% ■ DECREASE Significantly

85% Major and Mid-Level Donors likely to give the same or more in the 2nd half of 2020

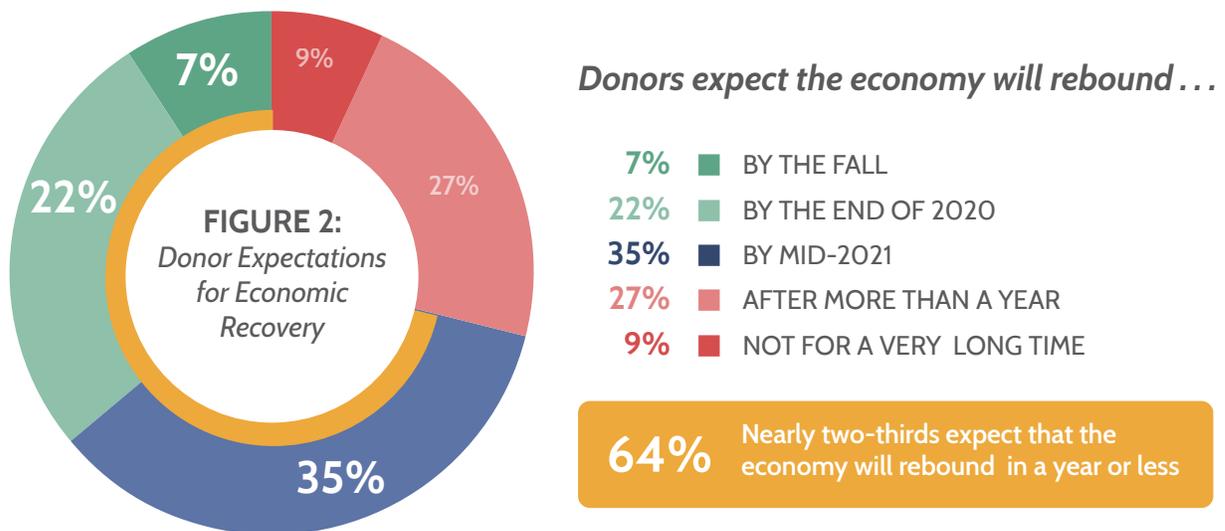
Six in ten donors (60%) say they will give at the same level in 2020 as they did in 2019. One in four (25%) say they plan to increase their giving “a little” or “substantially.” Only one in six (15%) expect to give less. Fewer than one in twenty (4.5%) said they expect to give substantially less.

According to Derric Bakker, President of DickersonBakker: *“Overall, the findings that emerged from this study provide heartening news that should give nonprofit leaders the confidence they need to recover from the shutdown, prepare for a successful fall fundraising season, and begin rebooting long-term plans.”*

Donors Mostly Optimistic About Economic Recovery

Historically, overall charitable giving in the US has tended to rise and fall in correlation with economic trends. One of the most important considerations in projecting future giving, therefore, is understanding donors' perspectives about the economy.

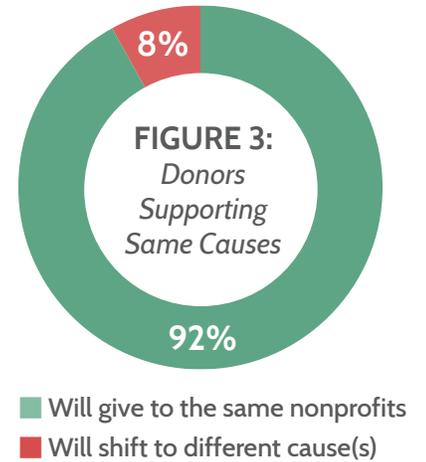
On the whole, nearly two-thirds (64%) expect that the economy will rebound by the end of 2020 or by the middle of 2021 at the latest. More than one-fourth (27%) stated they think it will likely take more than a year for the economy to recover. Only a small minority (9%) say they don't expect the economy to recover to pre-pandemic levels for a very long time.



Donors' Giving Priorities Unchanged in Wake of COVID-19

This study should put to rest concerns some nonprofit leaders have that donors may shift giving from their cause to others that are more directly addressing emergency COVID-19 needs. There is scant evidence that donors intend to change their giving priorities at all.

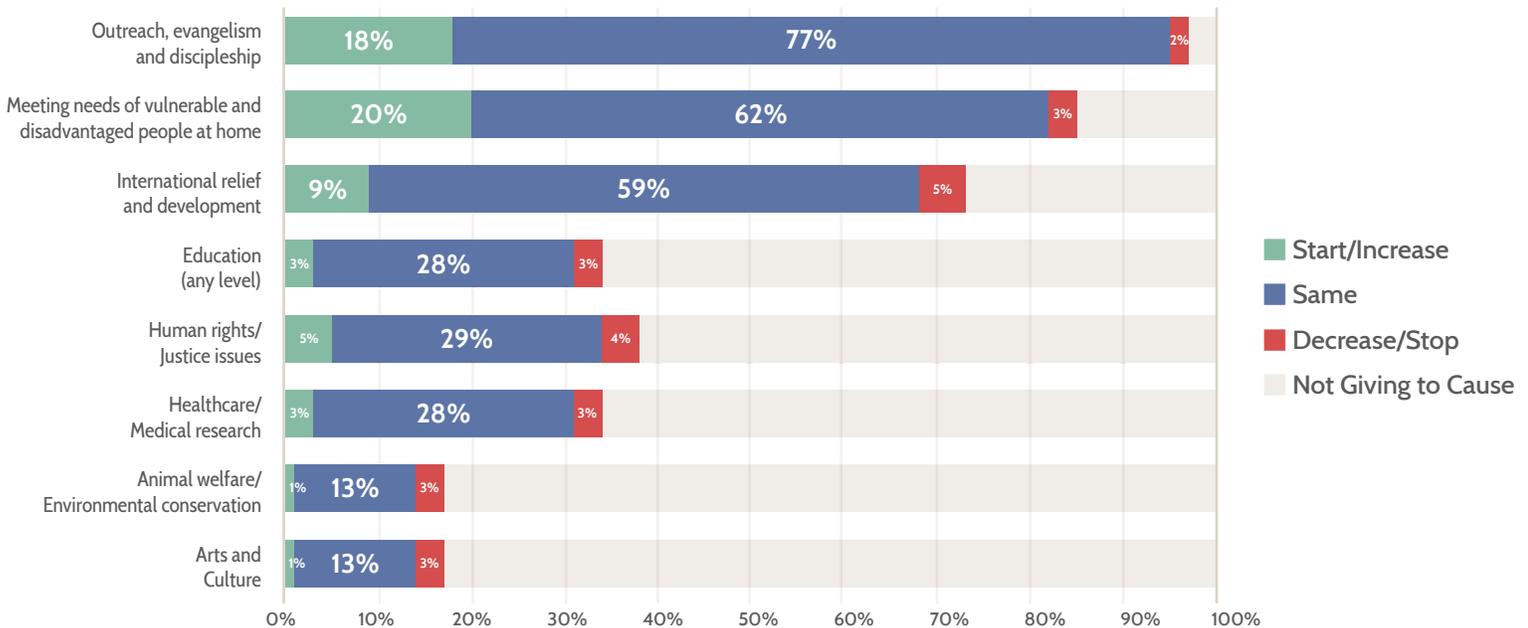
In fact, quite the opposite appears to be true. Overall, donors' hierarchy of giving priorities in the second half of 2020 is exactly the same as it was in 2019. In addition, looking ahead to the second half of 2020, an overwhelming majority of donors (92%) specifically stated that they plan to give to the same organizations they supported in the past (See Figure 3: Donors Expect to Continue Giving to Same Nonprofits). Fewer than one in ten (8%) said they expect to shift support to new or different causes on account of the COVID-19 pandemic.



Of the minority of donors who stated they intend to shift some of their giving to different causes in the second half of 2020, the top three causes benefiting from this shift (as shown in Figure 4: Changes in Giving to Causes for Second Half 2020), were:

1. Outreach, evangelism & discipleship;
2. Meeting the needs of vulnerable and disadvantaged people here at home; and
3. International relief & development.

FIGURE 4: Changes in Giving to Causes for Second Half of 2020

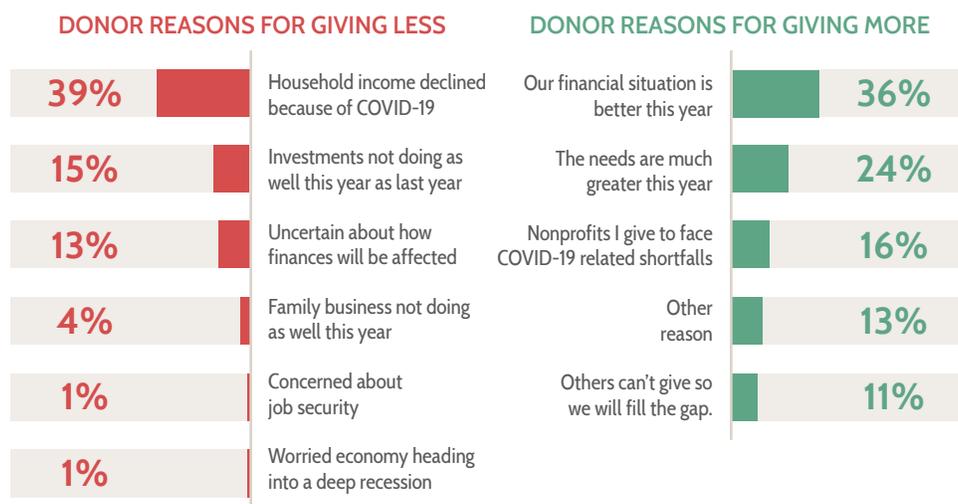


Donors More Likely to Increase than Decrease Giving in Wake of COVID-19

When asked to compare their likely giving in the second half of 2020 to the same period in 2019, most donors (60%) indicated that they will likely maintain their giving at the same level. Of those who expect a change, the number of donors stating they expect to increase their giving (26%) significantly outnumbered those who stated they would likely decrease giving (15%).

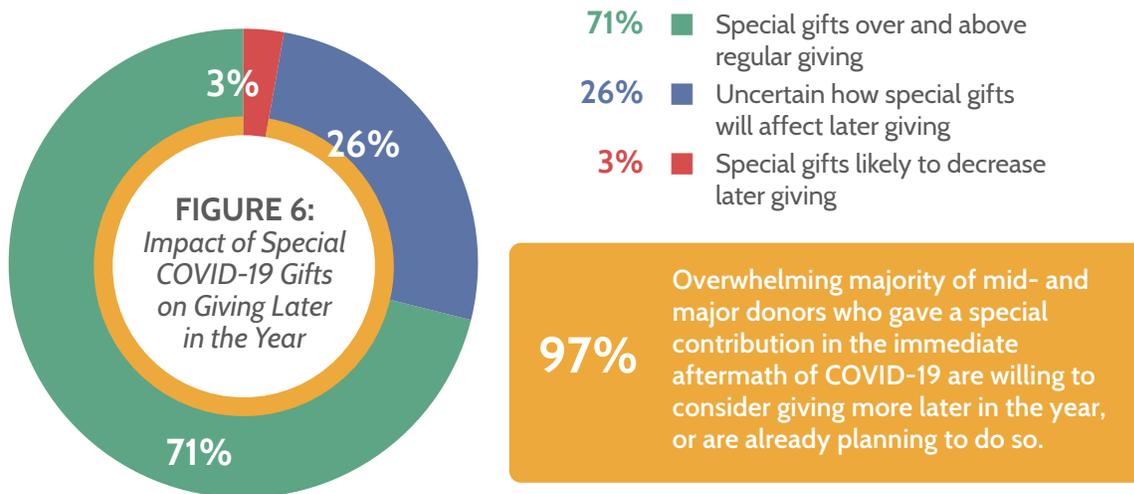
Donors who said they expect to increase their giving this year cited multiple reasons for doing so. Notably, more than a third (36%) stated they could give more this year because their financial situation was better than it was in 2019, despite the pandemic. The main reasons cited for expected decreases in giving tended to be related to economic factors: i.e. a decline in household income, a drop in the value of investments and/or financial uncertainties brought on by the pandemic.

FIGURE 5: Donor Reasons for Giving Less or More in 2020



Special Contributions Given During the Outbreak of COVID-19 Not Likely to Affect Donors' End of Year Giving

Many major donors (53%) made special contributions during the March through June 2020 timeframe in response to the immediately devastating effects of COVID-19, leading many nonprofit leaders to wonder how these special gifts will affect these donors' giving in the second half of 2020, particularly during the critical year-end fundraising season.



Notably, more than seven in ten (71%) of those who made special contributions in the immediate aftermath of the outbreak of COVID-19 said they considered those gifts to be over-and-above their regular giving. Only a handful (3%) said they expect those special contributions will lead to a decrease in their giving later in the year. Slightly more than one in four (26%) said they were uncertain how those special gifts would affect their regular giving in the second half of 2020, leaving the door open for fundraisers to follow up for a possible subsequent major gift later in the year.

Donors Largely Unwilling to Attend Major Events Until Vaccine is Available

Many nonprofits rely heavily on major fundraising events to raise money. Given the findings of this study, these organizations will likely need to find other ways to raise these funds if they are to meet their fundraising goals, at least until a vaccine is available for COVID-19.

Only one in four major donors are ready now to attend a fundraising banquet/gala (26%) or a weekend gathering at a resort or conference center (23%). One-third of donors stated that they would not be comfortable attending a fundraising gala or banquet until after a COVID-19 vaccine was available. An even greater proportion (42%) indicated they would not attend a major donor weekend gathering until there was a vaccine.

On the positive side, approximately eight out of ten donors expressed a willingness to meet with nonprofit representatives in one-on-one visits (76%) and/or to attend a small group fundraising event hosted at their church or in someone's home (80%), either now or in the very near future, assuming appropriate health and safety measures are in place.

FIGURE 7: Donor Willingness to Participate in Types of Fundraising Activities



Conclusion

The findings of this study strongly indicate that overall giving to faith-based nonprofits is likely to hold steady or even increase through the remainder of 2020. If there is a decrease, the data suggests it will only be modest.

A dire warning lurks beneath the surface of this good news, however. Notably, only 60% of donors said they expect their giving to be stable. **This means that 40% of 2020 year-end giving will be fluid.** Who receives what will be at the discretion of these donors—some will give more, and some will give less. This is not unlike what happened in the wake of the financial crash of 2008. Then as now, in a competitive environment such as that, nonprofit fundraisers who are complacent in making their case and/or not attentive to donors' needs will likely pay a price.

Methodology

This nationwide online survey of 1,079 US adult donors was conducted from May 29 to June 22, 2020. The margin of error is $\pm 3\%$ at the 95% confidence level. Those who were invited to participate in this study were understood to have given at least \$1,000 to one faith-based nonprofit organization in 2018 and/or in 2019. Respondents' total annual giving ranged from less than \$1,000 to more than a million dollars. The median income of those who participated was \$125,000 or more, and the median amount given to charities was \$20,000 per year. Responses were received from individuals residing in 44 out of 50 states and the District of Columbia. 60% were men, and 40% were women. Most stated that they attend church regularly.

Acknowledgements

DickersonBakker would like to thank all the organizations who partnered with us in completing this study, with particular recognition given to International Mission Board, Wycliffe Bible Translators, and National Christian Foundation. This research would not have been possible without their cooperation and assistance.



About DickersonBakker

Founded in 1985, DickersonBakker has been providing professional fund development consulting services to nonprofit clients for 35 years. With offices in Texas and North Carolina and full-time consultants living in several states, the firm has served hundreds of nonprofits – especially faith-based organizations – located across the USA as well as in Canada and overseas. Our team represents a unique combination of expertise across all areas of fund development, with a particular focus on mid- and major giving.

“ Too many nonprofit leaders tell me they can’t move forward because their fundraising is stuck in neutral. Our goal here at DickersonBakker is simple. We want nothing less than to help nonprofits transform the way they raise money, so they have the resources they need to unleash their potential. ”

DERRIC BAKKER
President – DickersonBakker

Additional actionable insights for fundraising in the wake of COVID-19 are available at dickersonbakker.com/blog

©2020 DickersonBakker