

Fueled by Economic Recovery, Giving in 2021 Reaches a New High

But the Wealth Divide Grows

BY RICHARD TOLLEFSON



Strong increases in individual, foundation and corporate giving highlight the overall philanthropic picture in 2021. The largest ever one-year increase in corporate giving was driven by an upswing in the Gross Domestic Product (GDP) and growth in stock and financial markets.

OVERALL GIVING IN THE U.S. INCREASED **↑ 4%** TO A NEW HIGH OF **\$484.85 billion**

But while the stock market surged, unemployment dropped and philanthropy increased, 2021 is also a story of the rich getting richer, and the poor getting poorer with those in need experiencing greater challenges.

The need for food, housing, healthcare and social and racial justice increased for those of lower socio-economic status. Fortunately, wealthier Americans continued to provide the critical philanthropic support to address the increasing challenges facing society's most in-need and at-risk.

Last year's giving saw a return to normal giving patterns, following 2020's crisis-response activities:

- ✓ Funding for arts and cultural institutions increased nearly 22%.
- ✓ Individuals accounted for 67% of all philanthropy, with foundations at 19%, bequests 9% and corporations 4%.
- ✓ Seven of nine sectors benefiting from U.S. philanthropy saw increased support.
- ✓ The largest five sectors are religion, education, human services, grantmaking foundations and public society benefit organizations.

What can we learn from this? Here are our key takeaways:

Economic recovery is strong, but mixed.

- > Despite challenges, the economy performed well in 2021. The economic stimulus kept many afloat and helped fuel a rapid rebound from COVID. Yet, recovery has not been distributed equally. It's important for organizations to understand where needs are greatest and align priorities and goals around those individuals and issues.

Be aware of the changing landscape.

- > The economic, social and political events during 2020 continued to impact giving in 2021, with increased inflation adding to the mix in 2022. Nonprofits should stay attuned to these issues and authentically share how their organization is addressing them.

Consider the global impact.

- > We live in a global economy and an interdependent world where the effects of war, climate change and



natural and man-made disasters are experienced worldwide. Nonprofits should understand where their organization fits in and makes an impact both in their own backyard and around the world.

Prepare to navigate challenges.

- > Organizations will face new and ongoing internal challenges such as staffing and workforce development, supply chain management, technological changes and elevated levels of demand. Flexibility and innovation will be needed to effectively navigate these ongoing issues.

Diversify fundraising.

- > Giving from individuals, foundations and corporations all increased in 2021. Nonprofit organizations can leverage this trend by accelerating efforts to grow and diversify fundraising in 2022 and beyond.

Know how donors want to give.

- > Individual giving has become more diverse and complex. It's essential to know donors' passions and goals, as well as their preferred instruments and means of giving. This in-depth donor understanding allows nonprofits to structure the right gift at the right time and leads to greater fundraising success.

Pursue expansive relationships.

- > The rise in corporate giving presents new opportunities to pursue deeper relationships such as sponsorships, cause-related marketing, workplace giving, employee engagement, C-level leadership and impact and sustainable investments.

Focus on the greatest potential.

- > Gifts are bigger, donors are fewer and at most levels, retention is challenged. Yet, the need is still great. Nonprofits should focus fundraising efforts where the potential and return are the greatest while also building their base for future support. This is best achieved by creating a direct and compelling case that shows that needs persist and support is vital.

Don't rest. Continue to ask.

- > Eight of nine sectors grew and rebounded, while some reached all-time highs. Despite this growth, organizations must continue engaging donors and asking for support. Particularly organizations within the sector that did not see an increase, keep the faith!

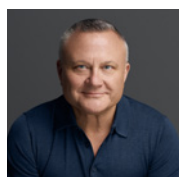
American generosity is resilient.

- > A year of continued growth is a testament to the resiliency of American philanthropy. Nonprofits can appeal to donors' passions, values and desires to create impact. And, as always, don't forget to ask.

These findings from the 2022 Giving USA Report measure the state of philanthropy in 2021. The Giving USA Report is the longest-running and most comprehensive report on philanthropy in the U.S. and is published and supported by the Giving USA Foundation, the Indiana University Lilly Family School of Philanthropy, and The Giving Institute.

In Summary

Giving in 2021 reminds us of the resiliency of philanthropy and the continued generosity of the American people. While the wealth divide grew, the affluent did not turn their backs on those in need, continuing to support human services and public society benefit organizations.



Richard Tollefson is founder and president at The Phoenix Philanthropy Group, an Arizona-based international consulting firm serving nonprofit organizations as well as institutional and individual philanthropists.