



Advancement's Top 5 Trends Implications for Your Institution

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August 27, 2024



Meet the Presenters



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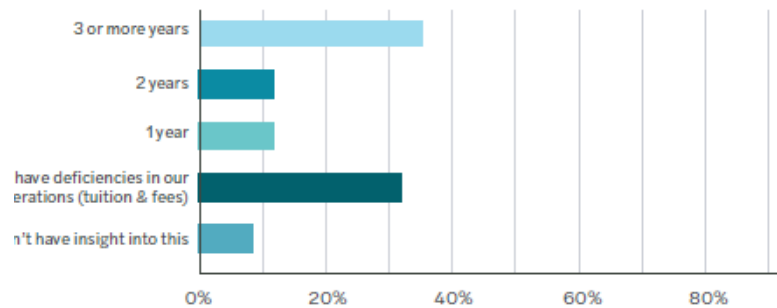
Agenda

1. Industry advancement outlook
2. The role of individual donors
3. The traditional donor pyramid
4. The wealth transfer
5. Generational giving
6. Data & innovation

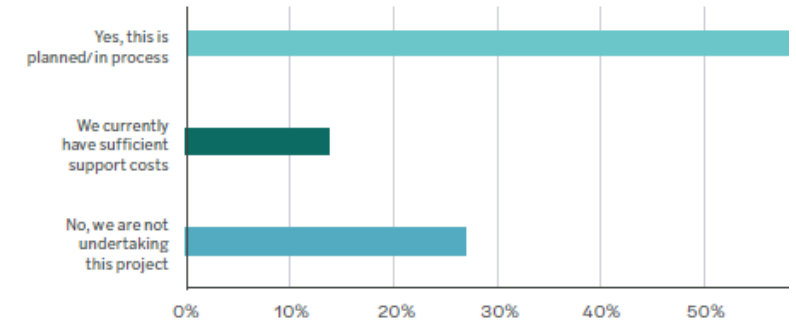


Revenue Strategies

2024 Higher Education Outlook



Strategies & Tactics	Percentage With Existing or Planned Tactics
Advancement Increases	91%
Advancement Focused on Business Owners	68%
Athletics	58%
Size and Mix of Academic Programs	90%
Support Service Cost Review	85%
Monitoring & Adjusting Financial Aid	85%
Admissions Methods & Costs	73%
New Grants Revenues	89%



NTR < Operating Expense

- Over the past 5 years, 60% of schools experienced deficits for 1, 2, or 3 consecutive years
- Tuition dependency not sustainable

Advancement = Top Strategy

- 91% of institutions reported advancement efforts to diversify/increase revenue
- 68% changing approach/training to target businesses that would otherwise be sold

Different Approaches

- 58% evaluating spending in advancement office to improve fundraising

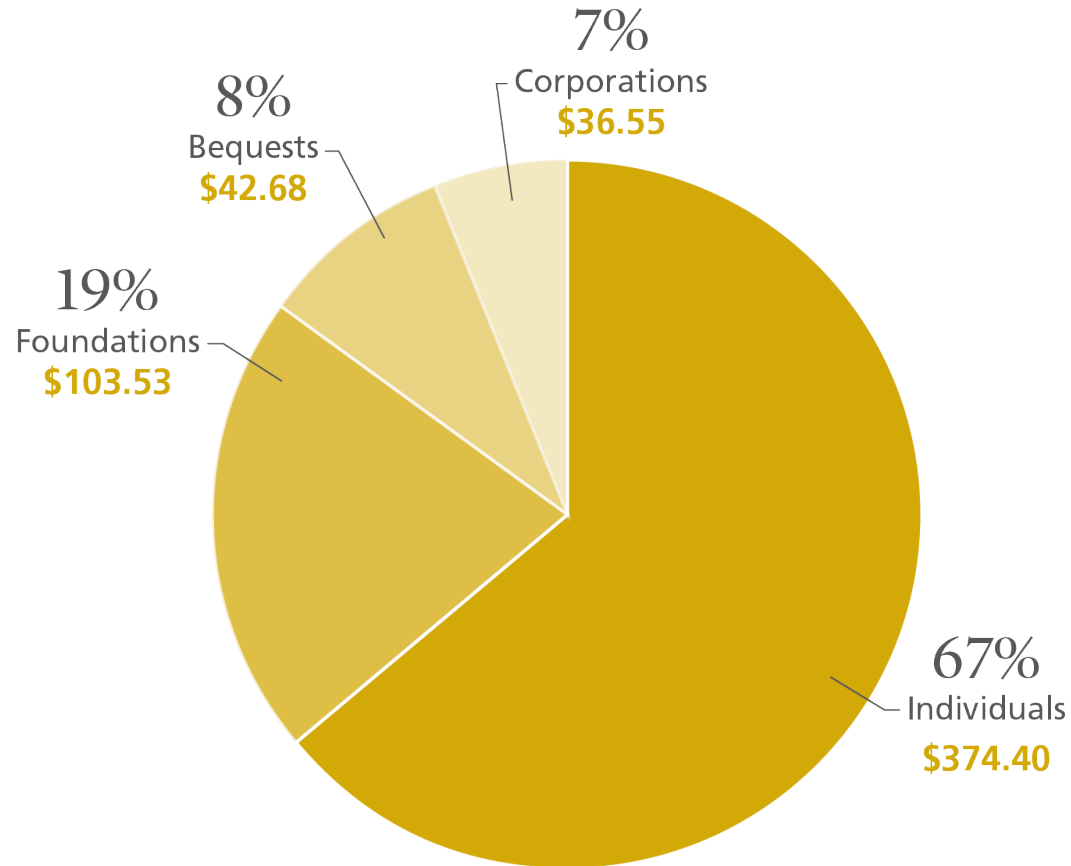
Trend #1

Individual donors continue to drive giving & foundation giving is continuing its upward trend.



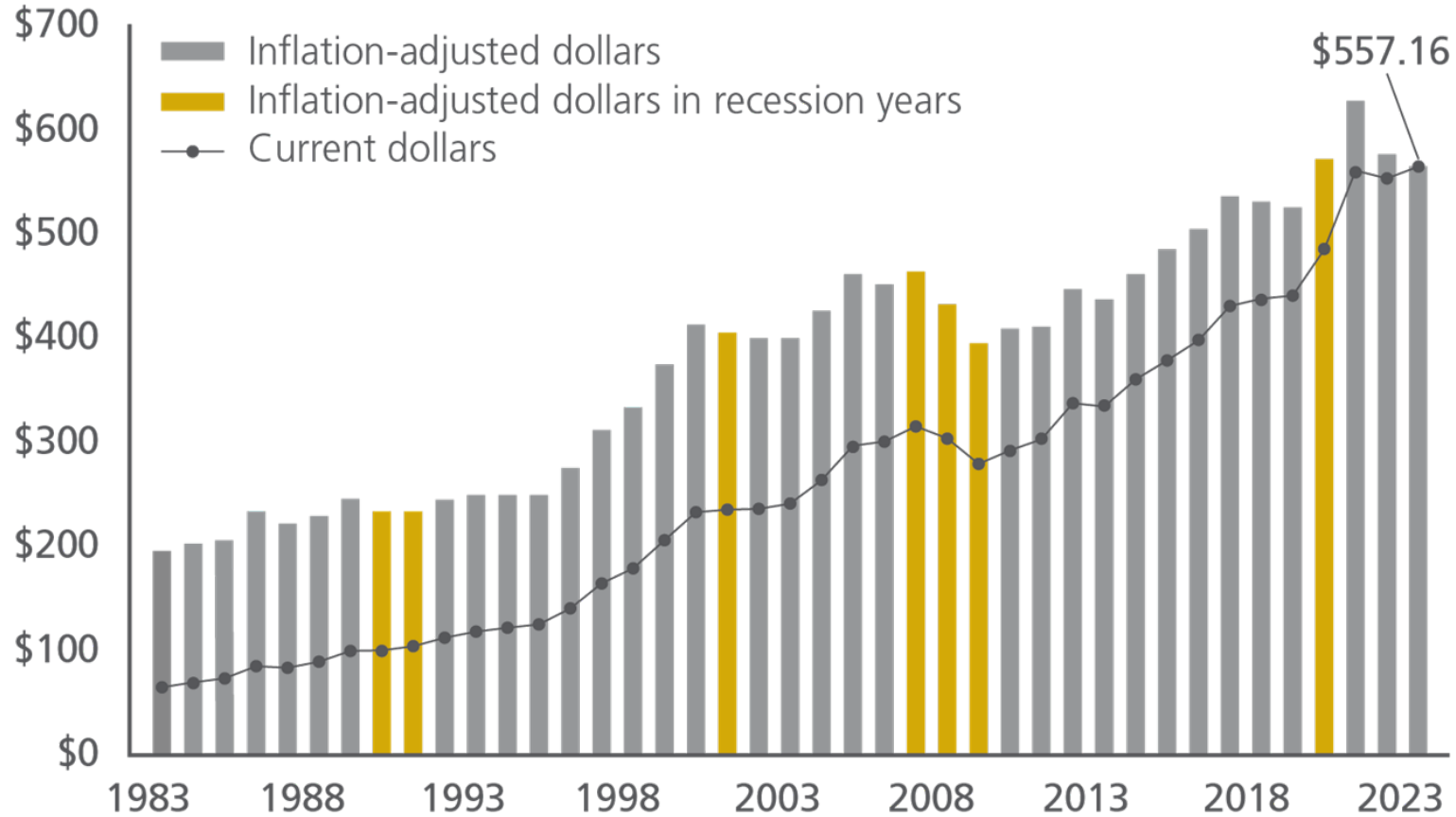
2023 contributions: \$557.16 billion by source of contributions

(in billions for dollars – all figures are rounded)



Total giving, 1983–2023

(in billions of dollars)



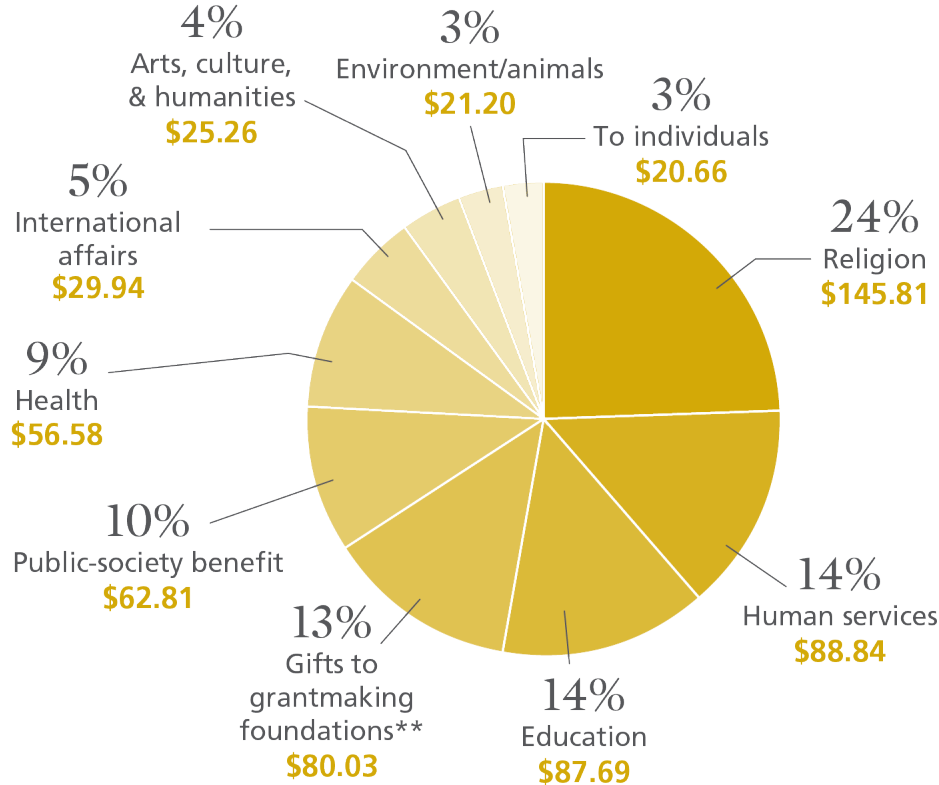
Researched and written by



LILLY FAMILY SCHOOL OF PHILANTHROPY
INDIANA UNIVERSITY

2023 contributions: \$557.16 billion by type of recipient organization*

(in billions for dollars – all figures are rounded)



* Total includes unallocated giving, defined as the difference between giving by source and recipient categories. Unallocated giving totaled -\$61.66 billion in 2023.
 ** Estimates developed by Indiana University Lilly Family School of Philanthropy using data provided by Candid.

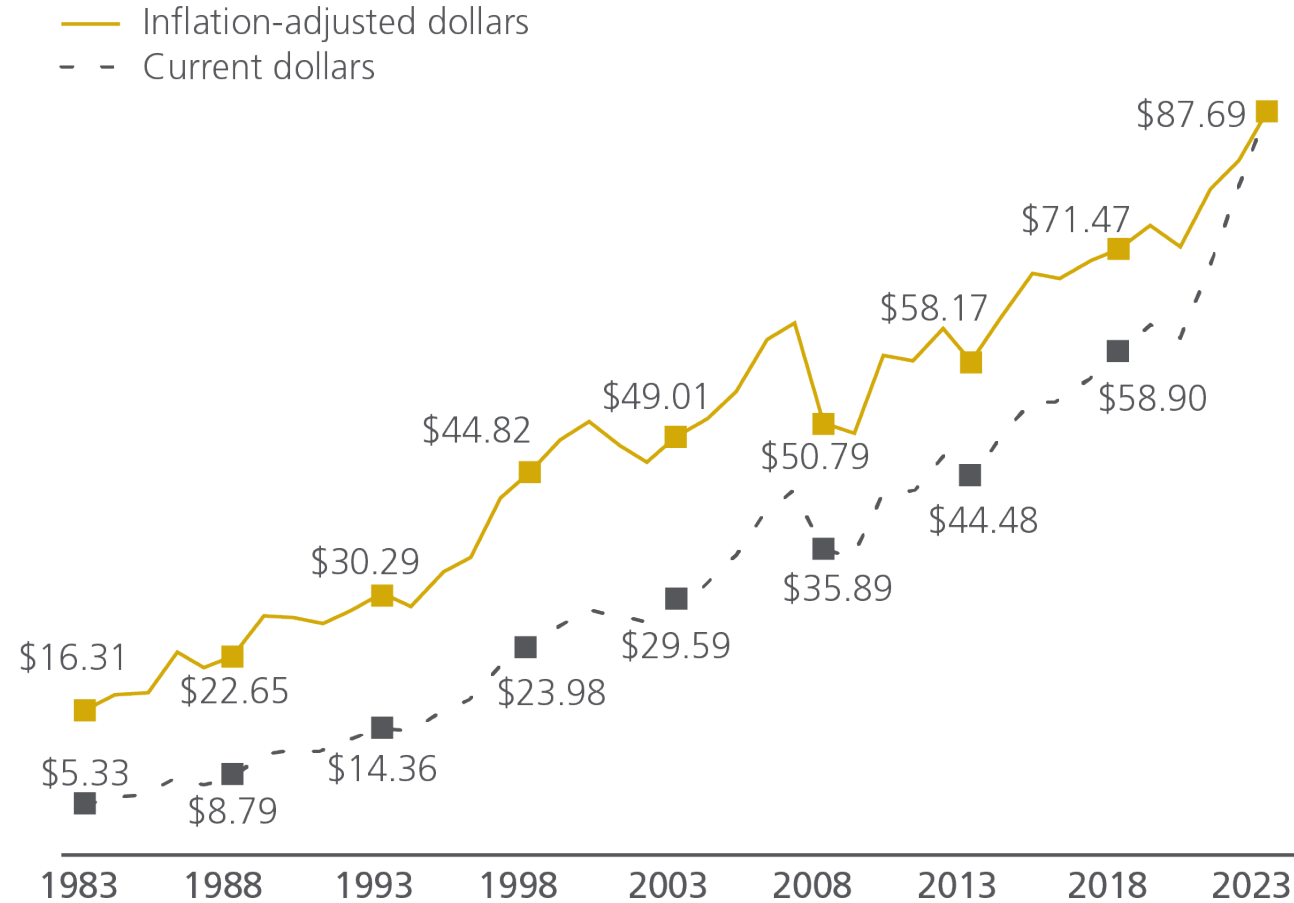


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Giving to education, 1983–2023

(in billions of dollars)



Practical Implications

Engage your donors.

- It is essential to focus on relationships with your donors – focus on stewardship & personal engagement. How might your institution focus on cause-related fundraising?
- Track donor retention trends & re-engage lapsed donors in your organization. Use cultivation & solicitation as an invitation to create change through giving. Generations give differently & it's important to understand the differences.

Reframe philanthropy.

- How do you define philanthropy at your institution? What about generosity? What if we talked about generosity instead of philanthropy?

Actively engage foundations.

- Prioritize stewardship with your foundation funders, creating strategies to provide updates, thank them, & communicate impact from their support.

Trend #2

The traditional donor pyramid is shifting.



Traditional Donor Pyramid – Top/Down

Type of Gift	Gift Size	# of Gifts Needed	Goal	% of Goal
Lead Gifts	\$ 1,000,000	1	\$ 1,000,000	20%
	\$ 500,000	2	\$ 1,000,000	20%
	\$ 250,000	4	\$ 1,000,000	20%
	\$ 100,000	6	\$ 600,000	12%
	\$ 50,000	10	\$ 500,000	10%
Major Gifts	\$ 25,000	14	\$ 350,000	7%
	\$ 10,000	20	\$ 200,000	4%
	\$ 5,000	24	\$ 120,000	2%
	Subtotal	78	\$ 4,770,000	
Community	Under \$5,000	Many	\$ 230,000	5%
	Total		\$ 5,000,000	100%



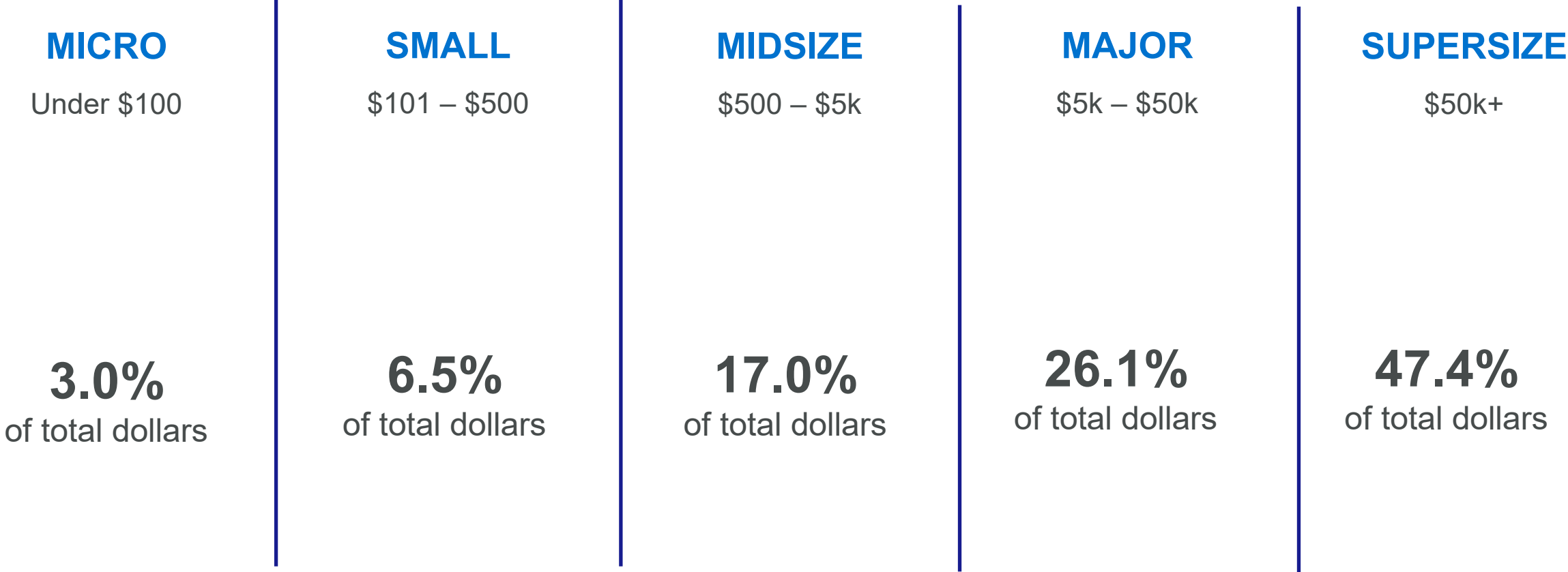
Philanthropic Landscape – Larger Gifts

Typical campaigns often raise as much as 90% of funds from just 10% of donors.



Philanthropic Landscape – Fewer Donors

Gifts of \$500+ accounted for 90.5% of dollars raised in 2021.



Fundraising Effectiveness Project (JAN 1, 2021 – DEC 31, 2021)

Higher Education Giving Trends

Top donors play a pivotal role in giving to higher education, with 85% of funds coming from donors giving more than \$25,000 which represent less than 2% of donors.

	<u>Percentage of \$</u>	<u>Percentage of #</u>
\$25,000,000+	13.8%	<1%
\$10,000,000-\$24,999,999	10.4%	<1%
\$5,000,000-\$9,999,999	9.2%	<1%
\$1,000,000-\$4,999,999	23.6%	0.1%
\$250,000-\$999,999	15.1%	0.2%
\$100,000-\$249,999	9.1%	0.4%
\$50,000-\$99,999	4.7%	0.4%
\$25,000-\$49,999	3.5%	0.6%
\$10,000-\$24,999	3.6%	1.5%
\$5,000-\$9,999	2.0%	1.9%
\$2,500-\$4,999	1.3%	2.3%
\$1,000-\$2,499	1.6%	7.1%
\$500-\$999	0.7%	6.7%
\$100-\$499	1.1%	36.8%
Under \$100	0.4%	42.1%
N = 217		

Source: CASE Insights on Voluntary Support of Education 2022

What Motivates Affluent Donors to Give?

Belief in your mission is the primary motivator for HNW donors to give to your organization.

They are also motivated by the belief that their gift can make a difference.

Affluent donors reporting giving based on motivation type



Source: 2021 Bank of America Study of Charitable Giving by Affluent Households

Practical Implications

Embrace data & other emerging tools for nonprofits, fundraisers, & donors.

- Technology is moving at the speed of light, & it is important to keep up with what tools are available to enhance your donor relationships & broaden your outreach to the pyramid.
- Consider AI tools & add-on modules for existing software & donor analytics packages that present new opportunities for interaction, research, & other functions that can help personalize donor outreach & strengthen donor relationships.
- Customize your engagement with psychographic & wealth screening information.



Trend #3

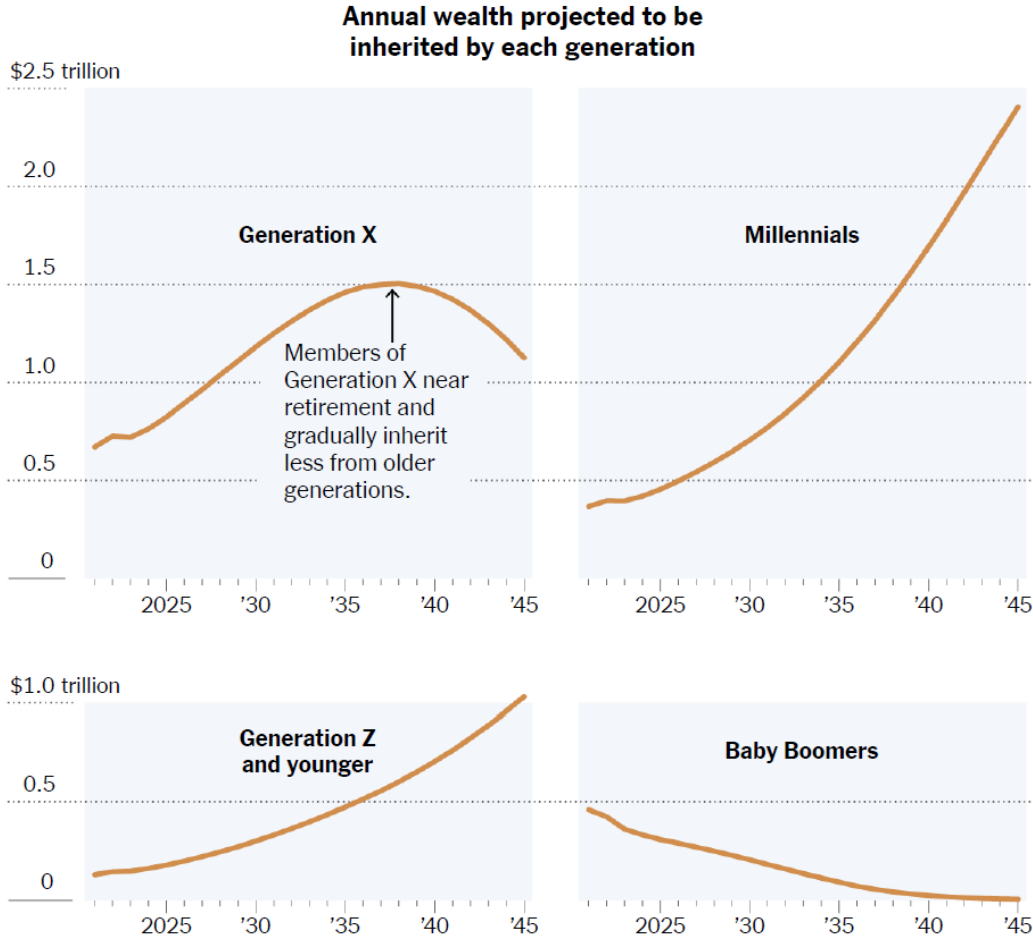
A great wealth transfer is coming up in America.



Upcoming Wealth Transfer

- Of the \$84 trillion projected to be passed down from older Americans to millennial & Gen X heirs through 2045, \$16 trillion will be transferred within the next decade. *
- 90% of wealth in the U.S. is held in non-cash assets. **

Source: *New York Times 5/14/23 ** Federal Reserve Q4 2020 Financial Accounts



Source: Cerulli Associates

Practical Implications

Integrate planned giving throughout your advancement program.

- Consider how planned giving initiatives can enhance your major & annual giving program throughout the development process.
- Institutions will need to cultivate donors & educate them on their giving options, helping them to think about their giving to include non-cash assets & other giving vehicles.

Reimagine “major gift” & typical donor profiles at your institution.



Trend #4

Generational Giving: How they want to be engaged



Generational Breakdown of Total Giving

ANNUAL GIVING BY GENERATION

	2016	2022	Inc/Dec	%
Gen Z		\$747		
Millennials	\$942	\$1,323	\$381	+40%
Gen X	\$1,265	\$1,220	(\$45)	-4%
Boomers	\$2,921	\$2,568	(\$353)	-12%

Source: Giving USA: Giving by Generation 2023

Where Generations Give

- All generations, except for Boomers, support some form of health charity.
- Boomers are the only generation that prioritizes giving to education.
- Gen Z donors are the only donors who prioritize giving to environmental causes.
- All three generations surveyed in 2016 have decreased their giving to places of worship in 2022.

Source: Giving USA: Giving by Generation 2023

TOP THREE TYPES OF CHARITIES SUPPORTED BY GENERATION

	2016	2022	Inc/Dec	%
Gen Z Donors				
Places of Worship	N/A	\$239	N/A	N/A
U.S. Health/Medical	N/A	\$107	N/A	N/A
Environmental	N/A	\$85	N/A	N/A
Millennial Donors				
Places of Worship	\$436	\$300	(\$136)	-31%
Faith-based Orgs	\$106	\$243	\$137	+130%
Nonprofit Hospitals	\$31	\$157	\$126	+406%
Gen X Donors				
Places of Worship	\$737	\$432	(\$305)	-41%
Faith-based Orgs	\$105	\$159	\$54	+51%
U.S. Health/Medical	\$94	\$144	\$50	+53%
Boomers Donors				
Places of Worship	\$1,190	\$996	(\$194)	-16%
Education	\$343	\$523	\$180	+52%
Faith-based Orgs	\$155	\$307	\$152	+98%

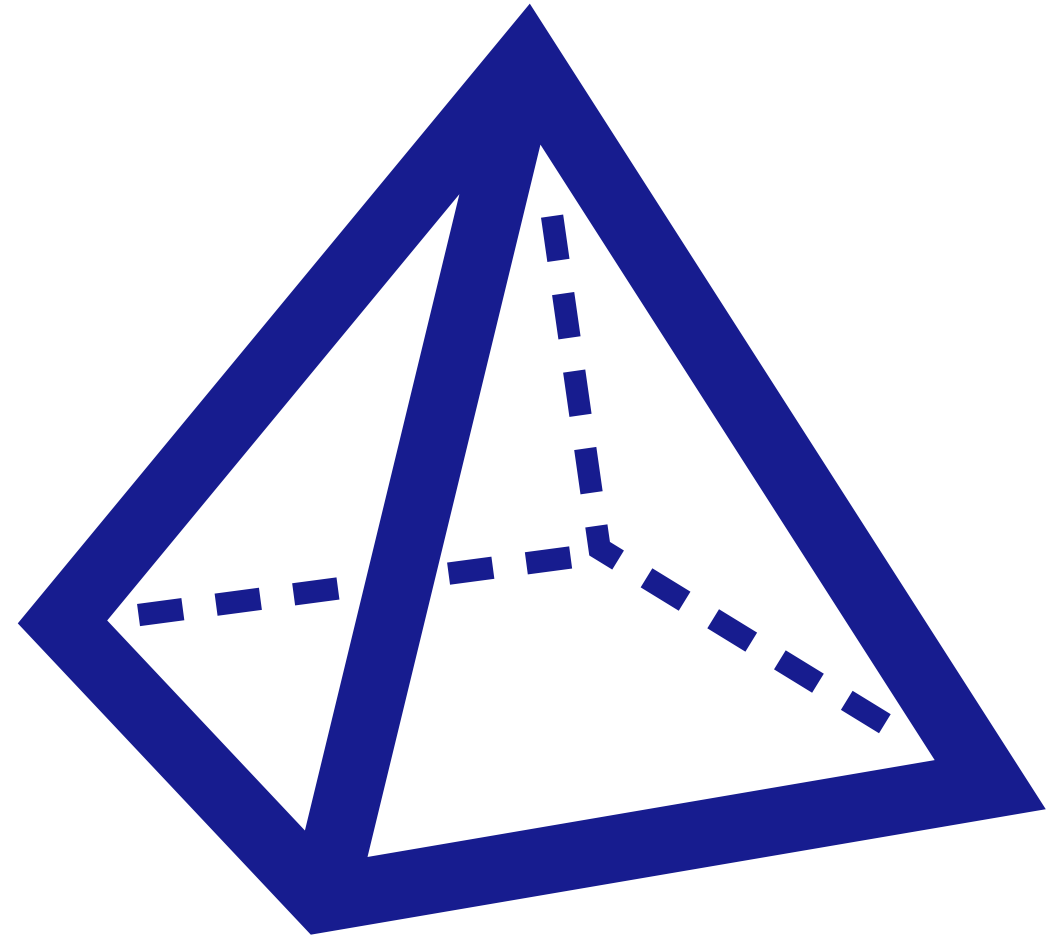
Philanthropic Landscape – Changing Demographics

Integrate planned giving throughout your advancement program.

- Fewer Boomers plan to increase their gifts in the coming years. However, 21% of Millennials & 18% of Generation X expect to increase giving.
- Generation X & Millennials are projected to benefit from the Great Wealth Transfer from their aging Baby Boomer parents & grandparents by 2061.

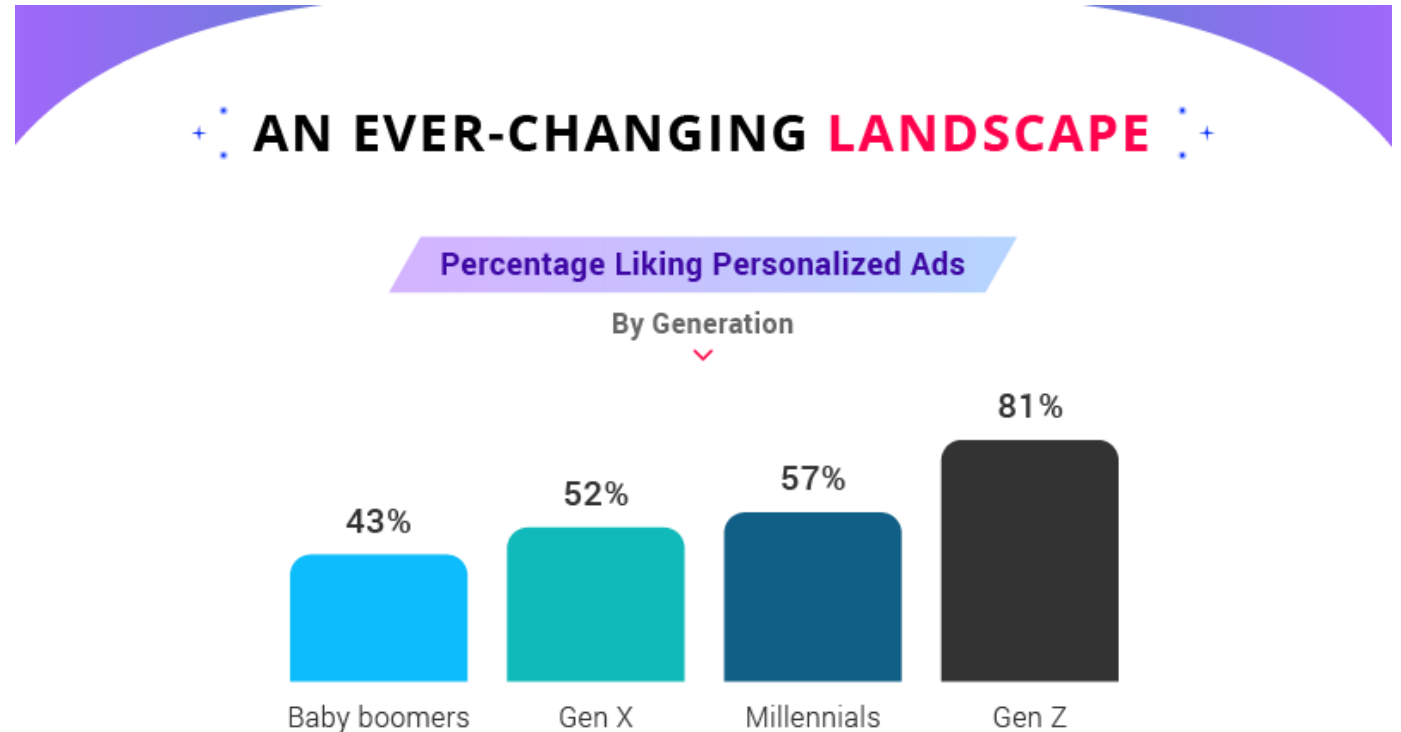
While older generations give to an institution, younger generations give to causes & may not have as much loyalty to a specific charity.

- Charities need to work to build deeper engagement & build trust & loyalty with younger donors.



Younger Donors Expect Personalized Messaging

- Consumers want to be known & expect to be understood.
- Younger generations in particular value personalization as a reflection of their value of self-expression & authenticity.
- Gen Z-ers are more willing to share personal information to enhance the customer experience – they understand data’s crucial role in customization.



Source: American Survey on Successful Ads by Unsupervised, March 2022

Practical Implications

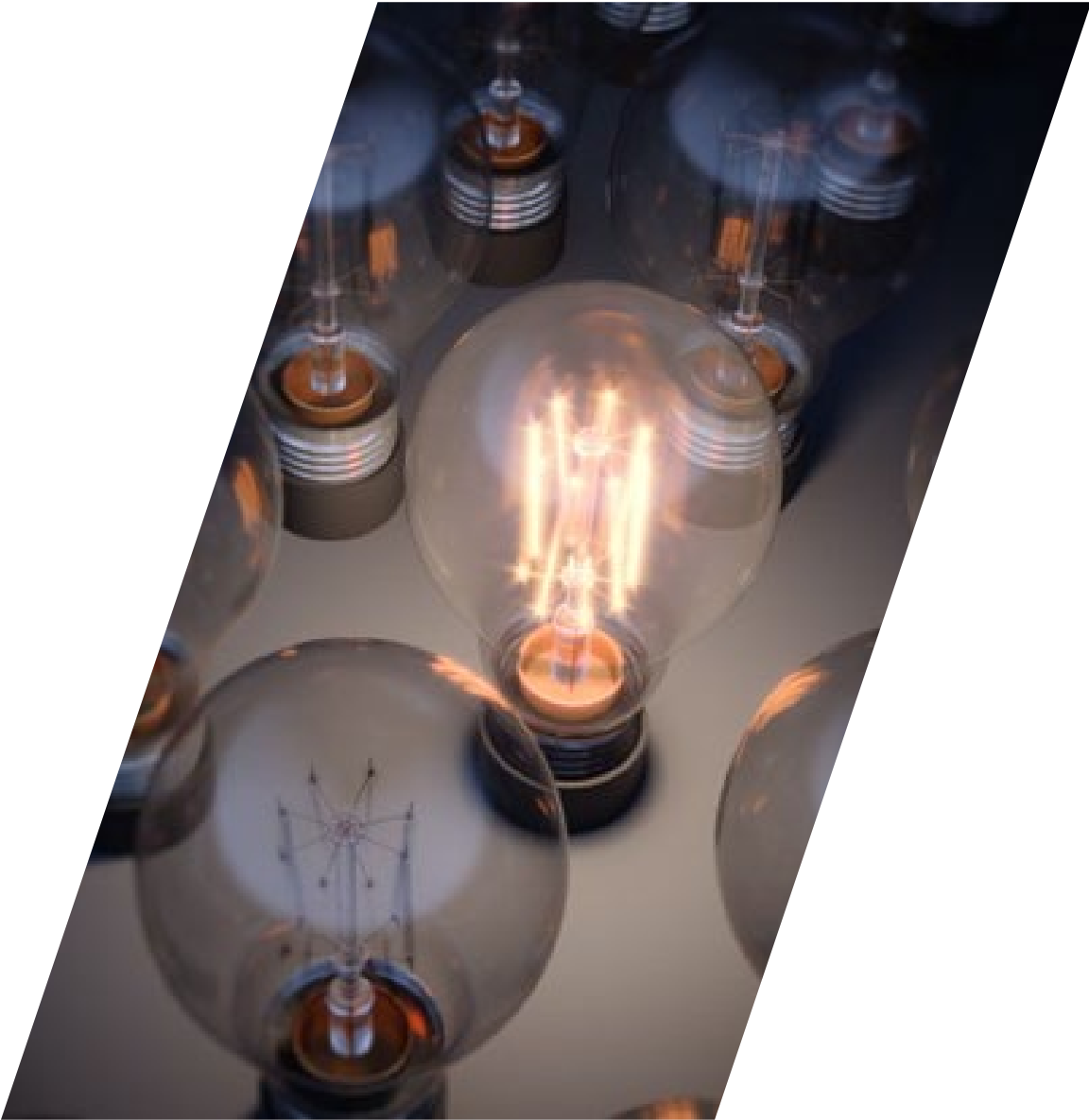
Track important data points & employ the data to help customize your outreach.

- What data do you track now, beyond graduating class or alumni group?
- What are the top 2 to 3 affinities at your institution you could engage?
- How do you engage your faculty/staff in generosity & advancement efforts?



Trend #5

Data & innovation are driving decision making & investments.



AI-Powered Precision Philanthropy



Source: Image Created using Dall-E 3



Acuity Darts

Advanced Donor Screening And Psychometric Communications

Practical Implications

Customize your communication & giving appeals.

- Utilize new technologies that allow you to hyper-customize your communication & appeals.
- Donors expect personalized messaging with clear impacts & ROI.



Questions?



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