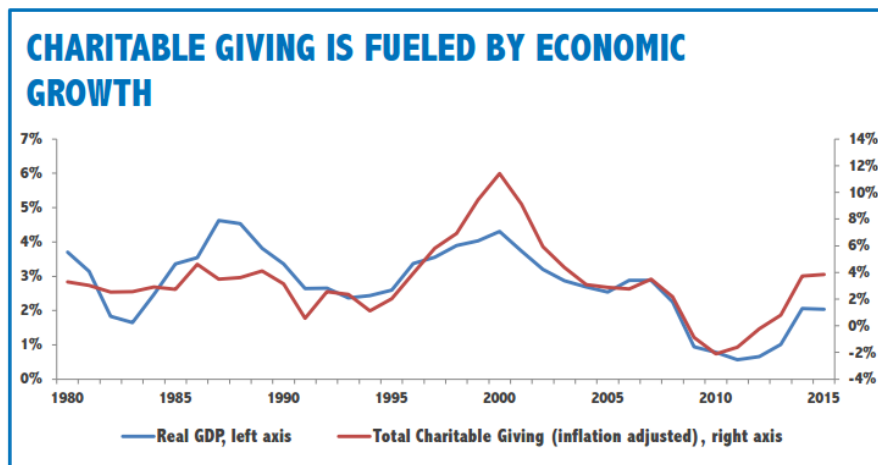




ASSESSING GIVING USA 2020: BILLIONS IN GIVING ARE MISSING

On June 16, the Giving USA Foundation released its annual [report](#) on charitable giving in the United States during calendar year 2019. Giving USA reported that giving in the U.S. was up by 2.4% (adjusted for inflation) in 2019 and reached “near” record levels. Some have claimed this indicates charitable giving growth is strong. But the reality of charitable giving in 2019, combined with initial data for 2020, is cause for serious concern.

2018 and 2019 Growth in Giving Has Not Kept Up with GDP Growth. As House leadership pointed out in 2016 (see chart below), charitable giving has historically grown at a rate that has matched or exceeded GDP growth. Given these trends, giving should have grown significantly in 2018 and 2019.



Data: Year-Over-Year Growth in Real GDP and Real Charitable Giving, Five-Year Moving Average

GDP and Charitable Giving Growth, from “A Better Way” Tax Policy White Paper (2016)

However, giving did not keep pace with economic and market growth in 2018 and 2019. If it had, we would have seen giving grow to at least \$473 billion since 2017. Instead, giving has not grown since then and has actually fallen to just below 2017 levels.

Expected inflation-adjusted giving:

- 2017 = \$450.71 billion
- 2018 = \$463.78 billion (2018 GDP 2.9% growth times \$450.71 billion)
- 2019 = \$473.51 billion (2019 GDP growth 2.1% times \$463.78 billion)

Actual inflation-adjusted giving:

- 2017 = \$450.71 billion
- 2018 = \$439.25 billion
- 2019 = \$449.64 billion

Instead of an additional \$24 billion if growth in charitable giving had simply kept pace with GDP growth, overall giving in 2019 was \$1 billion less than in 2017.

Giving by Individuals is Down. The Giving USA report reveals similar trends for individual donors, who are responsible for a vast majority of giving (versus foundations and corporations). While Giving USA shows giving by individuals rising in 2019 by 2.8%, that follows a drop in giving by individuals of 3.4% in 2018. The increase in individual donations in 2019 fails even to offset the drop in 2018.

Inflation adjusted giving by individuals:

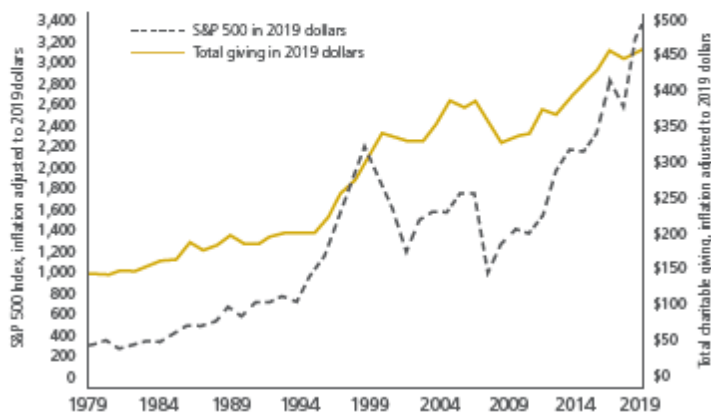
- 2017 = \$315.83 billion
- 2018 = \$301.21 billion
- 2019 = \$309.66 billion

Giving by individuals in 2019 was \$6 billion less than giving in 2017. In light of the strong economy and the level of GDP growth, both overall giving and individual giving in 2019 should have outpaced individual giving in previous years.

Giving is Flat Compared to S&P 500 Growth. As Giving USA 2020 points out, research shows a significant correlation between changes in total giving and values on the S&P 500. The S&P 500 grew significantly in 2019 but giving only grew slightly (see below). Based on historical experience, giving should have kept pace with the S&P 500 and grown strongly in 2019. In fact, total giving is relatively flat compared to S&P 500 growth, suggesting that tax policy changes may have weakened the correlation between giving and the S&P.

Total charitable giving graphed with the Standard & Poor's 500 Index, 1979-2019

(in billions of inflation-adjusted dollars, 2019 = \$100)



Charitable Giving Graphed with S&P 500, from Giving USA 2020 report

Giving USA Does Not Account for Current Crisis. Giving USA data is focused entirely on calendar year 2019 and does not reflect the impact of the COVID-19 pandemic and economic downturn. According to new data from the [Fundraising Effectiveness Project](#) (FEP), **individual giving declined by 6% in the first quarter of 2020** compared to the same time in 2019, including an **11% decline in March 2020**. Mid-level gifts (\$250-\$999) decreased by 2% and large gifts (\$1,000+) decreased by 7% in the first quarter. FEP also found that the total number of donors declined by 5.3 percent in the first quarter of 2020 compared to 2019.

An [April 2020 Gallup poll](#) confirms the number of households donating in the past 12 months has reached a historic low, approximately 6% fewer than the previous low recorded during the 2009 recession. Since 2017,

the number of donors across all income levels have declined substantially, with low-income households experiencing the greatest decline (17% fewer households giving).

Additionally, the [2020 Nonprofit Employment Report](#) released by Johns Hopkins Center for Civil Society Studies estimates 1.6 million job losses at nonprofits between March and May 2020. This represents roughly 13% of all nonprofit jobs in the U.S.

Congress Can Help by Enacting the Universal Giving Pandemic Response Act ([S. 4032](#), [H.R. 7324](#)). The bipartisan Universal Giving Pandemic Response Act will address both the decline in giving and donors by incentivizing all Americans to give more now to charitable and faith-based organizations so they can continue providing vital services to families, workers, and communities during the COVID-19 crisis.