

## **Nonprofits Hit by 6% Decline in Giving Due to COVID-19**

### ***If Trend Continues for the Rest of 2020, Nonprofits Will Lose More than \$25 Billion***

Giving to charitable organization is down by six percent in the first quarter of 2020 compared to the same time last year, according to the Fundraising Effectiveness Project's *2020 First Quarter Report*.

The Fundraising Effectiveness Project (FEP) is the provider of the Growth in Giving Database, the world's largest publicly available database of actual donations to nonprofits in the US and Canada.

"The first two months of 2020 started out strong," said Elizabeth Boris, chair of the Growth in Giving Steering Committee. "But, in March alone, we saw a 11 percent decline in donations, which was almost certainly a reflection of the impact of COVID 19."

If the six percent loss in the first quarter continues for the entire year, more than \$25 billion to nonprofits will have been lost to the pandemic.

The effects of the pandemic on donations were seen across all types and sizes of nonprofits, despite the heroic services provided by nonprofit first responders. Most special events and other fundraising events were canceled or postponed by the end of March and are unlikely to be reinstated this year.

"Unfortunately, very few nonprofits were immune to the virus", said Steven Shattuck, member of the FEP Steering Committee and chief engagement officer at Bloomerang. "But we did find some signs of hope. For example, donations under \$250 were up six percent, which is unusual and will be watched closely since recent tax changes allow all taxpayers—including those who do not itemize—the ability to deduct their donations this year. "

While nine out of 10 Americans no longer itemize their taxes, the recent CARES Act will allow these individual taxpayers to deduct donations to charity of up to \$300 on their 2020 federal tax return, even though they take the standard deduction.

"While much of the world went into panic mode, and many larger donors pulled back because of the decline in the stock market, the everyday person who gives smaller amounts stepped in to fill the void." said Ben Miller, secretary of the FEP Steering Committee and chief analytics officer at DonorTrends, a division of EveryAction. "It is incredible that these smaller donations are up that much, and it reminds us of the collective power that donors can have together."

While donations under \$250 increased in the first quarter of 2020, mid-level gifts (\$250 - \$999) decreased by 2.2 percent, and higher-level gifts (\$1,000 or more) dropped by 7.4 percent.

In addition, the number of overall donors dropped by 5.3 percent, and the donor retention rate—the percentage of donors who gave last year and have already given in 2020—dropped 3 points to 16.4 percent.

Despite these drops, the good news is that nonprofits have a history of rebounding and innovating during adversity, and the first quarter of the year is not indicative of how giving will fare overall during the year.

“I think nonprofits took a deep breath like the rest of the planet” Boris continued. “They are resilient and mission-driven because they are supported by everyday people who care about their communities.”

The FEP *2020 First Quarter Report* is available for free at [www.afpfep.org](http://www.afpfep.org).

The data analysis includes giving details from 2,496 nonprofit organizations based in the US as a subset of the Fundraising Effectiveness Project. The distribution of NTEE codes (a way to organize nonprofits by industry type) for the 2,496 organizations is comparable to the sector-wide distribution. For more information about the Growth in Giving Initiative and Fundraising Effectiveness Project, please visit [www.afpfep.org](http://www.afpfep.org).

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The Fundraising Effectiveness Project (first established in 2006) and the Growth in Giving database (created in 2012) are both administered by the Association of Fundraising Professionals. The Growth in Giving database is the world’s largest public record of donation activity, with more than 204 million donation transactions, and is continuously updated by leading fundraising software thought leaders (in alphabetical order) Bloomerang, DonorPerfect, and NeonCRM. Additional partners include the 7th Day Adventists, The Biedermann Group, DataLake Nonprofit Research, and DonorTrends (a division of EveryAction). For more information and how you or your fundraising software provider can participate, please visit [www.afpfep.org](http://www.afpfep.org).