Black Hills Philanthropy Study

An in-depth analysis of the giving patterns of individual donors, businesses, and philanthropic organizations to inform the work of nonprofits in the Black Hills region of South Dakota
Introductions

- Chiesman Center for Democracy
  - Institute for Educational Leadership & Evaluation
  - Design by Dr. John Usera
  - Data collection
  - Management of survey process
  - Initial review of findings

- Sage Project Consultants, LLC
  - In-depth analysis of each individual survey
  - Comparative analysis – needs of nonprofits vs giving patterns of donors
  - Cross-tabulated analysis – provided the basis for the “individual donor profile”
  - Final report of findings
  - Report-out of data
Today’s Presenters

Margaret Sumption
- 25 years in nonprofit management and leadership
- Specialist in nonprofit governance, strategic planning, operational processes, and effectiveness
- 10 years of leadership experience in fund development planning, implementation, and evaluation

Rachel Oelmann, MBA
- 10+ years experience in corporate and private consulting
- Founding partner of Sage Project Consultants, LLC, a research analysis, evaluation, technical/grant writing, and strategic planning firm in Sioux Falls, SD
- B.A. Biology Augustana College
- MBA University of Sioux Falls
- Expertise in technical writing, data analysis, program assessments, and evaluations
Study Objectives

The purposes for the study included:

- The development of a giving profile to inform nonprofits of support patterns in the Black Hills.
- Aggregation of findings to reflect giving patterns of different types and sizes of nonprofits.
- Match organizational needs with giving priorities.
- Help nonprofits develop realistic and achievable strategies to sustain their organization.
- Provide philanthropic organizations and businesses with an overview of how nonprofit organizations are dependent upon a variety of funding sources to meet their mission.
Data… what to do with it.

- Use data to inform our actions based upon an increased understanding.
- Does not have a conscience.
- The data is simply that – data. It informs decision making.
- Don’t make up stories, or read into the data. This study is a snapshot in time.

- Report of Findings totals more than 100 pages. It is in-depth, lengthy, and rich with data.
  - Today’s presentation focuses on the points of interest highlighted by the steering committee.
Study Findings & Recommendations

Observations and strategies to influence the fundraising approach for area nonprofits
The Individual Donor

MEN
- More likely to make a larger gift ($500 or more)
- More likely to give outside of the Black Hills region than women
- Slightly more inclined to volunteer at some level
- More men than women have a will, and men are slightly more apt to include charitable giving in their will

WOMEN
- More supportive than men of using government dollars to support those in need
- More likely to support local organizations their time and money
- More apt to commit more hours than men for volunteer efforts
- Most motivated by organizations they can trust
- Stronger affinity for social and humanitarian issues (e.g. domestic abuse, arts & culture)
Segmentation by gender can be effective in terms of messaging.

A highly sophisticated development strategy should include an opportunity for uniquely segmented messaging for both male and female prospective donors.
As age increases...

- Belief in governmental support for those in need decreases
- Proportion of individuals in each age group that make online gifts increases
- Commitment to volunteer increases
- Definition of a “major gift” remains steady
- Likelihood of making a “major gift” increases
- Likelihood of having a will increases
  - 44.4% of those surveyed do NOT have a will
  - Note that only 1 in 4 individuals aged 55-64 have charitable giving called out in their will
Technology influence – ability to make gifts online

- 78% of those 55 to 64 in age make online donations – most likely to use online giving across all age demographics
- Don’t assume mature individuals are not technology-savvy --- they are technology direct
- Your job: inform your decision making about optimization of search engines, websites --- put philanthropy front and center
- Get to the “Donate” button faster
- Your investment in technology is critical for organizational success.
As volunteer time commitment increases…

- The amount of financial support for charitable, nonprofit, and religious organizations increases.
- The definition of a “major gift” increases in amount.
- The number of “major gifts” slightly increases.
- Length of residency increases. The longer people live in the Black Hills the more apt they are to spend more time volunteering.
- So does age… the older people get, the more apt they are to volunteer (peaks at age 65).
- Household income remains steady. Income has very little impact upon an individual’s likelihood to volunteer.
The tie to volunteerism

- 36.4% volunteer 1-5 hours per week
- Most (71.5%) nonprofits use more than 10 volunteers per month
- 9% of nonprofits do not use any volunteers

Individual volunteer commitment time per month

- I do not volunteer, 18.6%
- 1-5 hours, 36.4%
- 6-10 hours, 19.2%
- 11-15 hours, 11.6%
- 16-20 hours, 5.4%
- 21 or more hours, 8.8%
What is a “major gift”?  

41.6% define “major gift” as $50 to $500

Only 5.0% feel a gift of $10,000 or more is “major”

INDIVIDUAL DONORS

$50 to $100
$101 to $500
$501 to $1,000
$1,001 to $1,500
$1,501 to $2,000
$2,001 to $5,000
$5,001 to $10,000
$10,001 or more

LOOK ME UP
Results p. 21-22
Donor profile p. 39
What is a “major gift”?

- Individual Donors = $101 to $500
- Businesses/Foundations = $1,000
- Nonprofits
  - 25% say $500 to $1,000
  - 25% say $1,000 to $2,000
  - 25% say $5,000 to $10,000

A major gift is in the eye of the donor, not the eye of the nonprofit.

All gifts are important.

The term “major gift” is an in-house conversation, not a way to market or encourage giving.
Wills and charitable giving

Most individuals do not specify legacy gifts, if they have a will at all!

Do you include charitable giving in your will?

- Yes, 18.9%
- No, 46.8%
- Do not have a will, 34.3%

LOOK ME UP
Appendix B p.78
Opportunity, opportunity, opportunity!

Wills are created or changed when an individual has a major life event.

Your job: Help the donor recognize the ability to make legacy gifts. Don’t wait for the “life event” to simply happen.

Consider segmenting the legacy gift message to focus on those who have a will, and those who don’t have a will, etc.
Most individual donors give because of membership or event attendance.

Looking at the chart, we can see that:

- **Event invitations and attendance** is the most common reason for giving, with a significant portion of donors citing this as a motivator.
- **Membership in an organization** follows closely, indicating a substantial interest in organizational involvement.
- **A personal meeting or request** is another significant factor, showing the power of direct engagement.
- **Online giving options** also play a role, with a notable portion of donors using this method.
- **Direct mail** and **Workplace giving** are less common but still important factors.

**Other (please specify)** is a smaller category, suggesting that these reasons are less frequently cited.

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**LOOK ME UP**

Summary, p. 7

Appendix B p. 77
Cultivate relationships through coalesced activities

Build relationships, don’t ask for money

Many nonprofits before have learned the lesson… create opportunities for people to connect to your organization, which will be fundamentally beneficial to your donor strategy

Look for ways to connect people to your mission

Solicited mail – people say they don’t want it, but it does work
Direct service benefit

Reasons individuals do not give

- While response count was low (n=12) nearly half of individuals:
  - Do not give to nonprofits because they perceive high administrative costs.
  - Do not give to nonprofits because they are not sure if their gift is being used appropriately.
  - Most (8 of 12, or 75%) do not give because they can’t afford to.

How nonprofits can change their perception

- Be deliberate in saying “your gift goes here”
- In the absence of facts people make up a story… it will be inaccurate, incomplete, and most likely negative.
- Look at directed gifts as a messaging strategy
- Connect to donors’ emotions
40% of foundations gave more than $1M to nonprofits
   - Average total donation = $818,475
50% of businesses gave at least $7,000 in the previous year
   - Average total donation = $12,790

Top giving priorities
   - Helping people in need
   - Encouraging child and youth development
   - Helping victims of a natural disaster

“Not a priority” areas
   - Supporting faith-based organizations
   - Supporting a church or other religious institution
   - Beautification projects
   - Support for wildlife, animal shelters, or zoos
The Business or Foundation

- The grant proposal process for grantmakers
  - Most (62%) do not require a letter of intent
  - Most (70%) do not have established criteria or format for a proposal
  - Most (75%) do not have deadlines for proposal submission

- How grantmakers prefer to give their money
  - An equal amount (47%) of grantmakers do and do not identify preferred target populations for funding
  - Most (57%) of foundations identify funding for specific social, health, civic, or educational initiatives

LOOK ME UP
Appendix B p. 84-85
The Business or Foundation

If a nonprofit receives funds from a foundation or business, what are the major expectations or results the Foundation’s board would like to see?

- Measureable outcomes (39%)
- Efficient use of funds (37%)
- Number of people served (11%)
- Demonstrated movement of the grantee towards self-sufficiency (6%)

Of less importance (fewer than 2%):
- Increased outreach
- Acknowledgement of gift upon receipt

LOOK ME UP
Appendix B p. 96
The Nonprofit

- 45% of area nonprofits provide regional services (Black Hills or western SD)
- 25% of area nonprofits provide city or town services only
- Top areas of concern:
  - Level of funding from all sources
  - Lack of sustainable funding
  - Recruitment of engaged board members
- Top areas of NO concern:
  - Compliance to state or federal regulations
  - Availability of clients or requests for services
  - Facility upkeep/upgrade

LOOK ME UP
Appendix B p. 99, 102-105
Two-thirds (66.7%) of nonprofits reported that their organization provides services in the Black Hills area that are not available from other organizations.

Many upon initial review found this to be questionable.
Total assets of nonprofits surveyed

- $0 to less than $500K: 43%
- $500K to less than $1M: 5%
- $1M to less than $1.5M: 11%
- $1.5M to less than $2.0M: 7%
- $2.0M to less than $2.5M: 3%
- $2.5M to less than $3.0M: 7%
- $3.0M to less than $3.5M: 0%
- $3.5M or more: 25%

LOOK ME UP
Summary p. 11-12
When asked what the primary source of funding was for the organization, nonprofits indicated that only 13.0% comes from individual donors, 0.0% from business donations, and only 1.3% from private or corporate foundations.

- 0.0% from business seems hard to believe
- 35% indicated their primary source was a combination of all of the above

HOWEVER – an overwhelming majority of individual donors (96.1%) feel that Black Hills businesses should be active in supporting nonprofits.

- 92.2% of individual donors indicate they do or would support businesses that give to nonprofits.

HOWEVER – businesses and foundations collectively agree with individual donors. 90% agree that Black Hills businesses should support nonprofits.
Most individuals support:
- Churches or other religious institutions
- Helping people in need
- Helping those impacted by natural disaster
- Youth/child development

Most businesses/foundations support:
- All of the above with the exception of churches or faith-based organizations

Least support:
- Economic development
- Drug/alcohol abuse prevention
- Animal/wildlife shelters or zoos
To total revenue of nonprofits surveyed

- 0 to less than $250K, 38.2%
- $250K to less than $500K, 10.5%
- $500K to less than $750K, 5.3%
- $750K to less than $1M, 6.6%
- $1M to less than $1.5M, 9.2%
- $1.5M to less than $2.0M, 6.6%
- $2.5M to less than $3.0M, 2.6%
- $3.0M or more, 21.1%

Total revenue of nonprofits surveyed

Look me up
Summary p. 11-12
Appendix B p. 99
More than half (51.6%) of nonprofits report that none of their board members support the organization at the major gift level.
### # of fundraisers per year

<table>
<thead>
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<th># of fundraisers</th>
<th>Percentage</th>
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<tr>
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<td>4</td>
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<td>5</td>
<td>10.8%</td>
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<td>6 or more</td>
<td>6.2%</td>
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Most hold very few fundraising events each year.

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**Nonprofit Fundraising**

Appendix B p. 110
Many communities have attempted to pass the political barriers of this strategy

Example: City of Sioux Falls Chamber Appeals Process

Most indicate “yes” or “maybe” for nonprofits to coordinate their campaigns
**Take-Aways**

- Information has strong capacity to inform our decision making on framing and implementing effective fund development strategies.

- Interpret within the context of best practices that are well known for fundraising specialists.

- Should not directly drive decision-making, but rather inform how to spend limited resources to maximize outcomes.
Take-Aways

1. Consider uniquely targeted messaging in your fundraising efforts.
   - Age
   - Gender
2. Mature individuals are technology direct, not inept.
3. Major gifts are defined by the donor, not the nonprofit.
4. Embrace opportunities for legacy gifts.
5. Create opportunities for people to connect to your mission – this will fundamentally impact your fundraising strategy.
6. Be deliberate about saying where donations go, and how the money is used to impact others.
7. Consider timing of capital campaigns to collectively send a clear message to potential donors.