

**Central Ohio Chapter
Association of Fundraising Professionals**

**Fundraising In the 21st Century:
A Look At Our Future Challenges**

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**Presented By:
Doug Allinger
President**

Today's Presentation is Predicated Upon the Following Observations:

- Our donors and prospects are experiencing (and adapting to) unprecedented challenges and change
- This turbulent environment, including reduced government support, is changing their traditional perceptions and behaviors
- We will have to change our professional expectations and plans in ways which acknowledge and respect this new and evolving “Philanthropic Culture”
- What got us (and our organizations) to where we are, won't get us to where we want to go

Headlines Heralding Change:

- “Recession takes toll on donations to U.S. Colleges”
- “Deficit to hit all time high”
- “What’s wrong with charitable giving and how to fix it”
- “Personal bankruptcy filings rising fast”
- “Once robust charity sector faces mergers and closings”
- “The new population bomb – The four megatrends that will change the world”
- “What happens when women are half the workforce”
- “In Haiti, help is lost amid the chaos”
- “Recession will change young adults”
- “Home ownership rate declines”

Factors Which Are Driving Change In Our Society and Philanthropic Culture:

- American's economy
- World's economy
- Perceptions of future
- Technology, particularly information transmission
- Changes in tax law
- Global philanthropy
- Governments' support of non-profits
- Donor fatigue
- Prospect and donor skepticism
- Endowment losses
- Cultural changes, particularly women's "roles"
- Population changes, particularly age, numbers and geography
- Media skepticism
- Others.....

“The simple truth is that most of the time we can’t see the true patterns of peoples’ lives except through statistics...numbers are the tea leaves for understanding the changes in society.”

Mark Penn

Trends Of Interest To Fundraisers:

- Median home price:
 - 2009 = \$170,000
 - 18 million empty houses
- Dow average:
 - 2007 = 14,165
 - 2009 = 10,428
- Top 1% families % of wealth:
 - 1% criteria \$8.272 million
 - 2007 33.8% of total
- 46% of people who left employment cashed out their 401k balances
- 21% increase in social security applications

Trends Of Interest:

- Median household income: (2008)
 - Ohio \$47,988
 - National \$52,029
- Ohio population:
 - 2000 = 11,353,140
 - 2009 = 11,540,000
- Married:
 - 1960 = 74%
 - 2007 = 49.7%
- 17% of Ohio's gay couples live in Franklin County
- Household income fell 3.6%
- Stock dividends down 40% from 2005
- College students:
 - 57% women
 - 43% men

Trends Of Interest: (cont.)

- Private nursing home room costs \$79,935 per year
- Broadband access:
 - 2000 = 70% of homes
 - 2006 = 78% of homes
- Social networks:
 - Twitter – 49% over 35, 19% over 50
 - YouTube – 43% over 35
 - Facebook – 31% over 35
- Ohio cell phones:
 - 2008 – 9.1 million users
 - -1.2 million land lines since 2006

Trends Of Interest: (cont.)

- There are 786,000 children in Ohio's school lunch programs
- 50% of food stamp users are children
- There are 239 counties in U.S. where 25% or more of population is on food stamps
- Middle income households made less money in 2008 (adjusted for inflation) than they did in 1999
- Home foreclosures rose to 2.8 million - Ohio had 101,614 - 1/50 homes received notice
- 47% of investors (\$5+ million) without advisors
- **Additional facts and trends specific to your organization**

Three Of The Environmental Change Factors With The Most Immediate Impact:

1. On-going (direct and indirect) reductions in local, state and federal government support of non-profit organizations

Examples:

- Estate tax issue
- Generation-skipping tax issue
- Potential tax increase on “wealthy”
- \$60 billion annual “benefit” to 501(c)(3) organizations
- Investigations into non-profits’ status
- IRS approved 99% of applications for public charity status in 2009
- Loss of stimulus funds
- State and federal budget reductions and changing distribution model

Three Of The Environmental Change Factors With The Most Immediate Impact:

2. The changing roles, influence and future of women in American society

Examples:

- 39% of full time working women earn more than their husbands
- 2009 married men average \$73,774 - married women \$74,642
- “High earning women exercise more economic authority within the marriage over major purchases and household finances”
- Women hold 50% of America’s jobs
- 51% of America’s professional workers
- There will be 2.6 million more college women than men
- Women owned companies employment exceeds the largest 500 companies combined
- The 30-44 age group has more college educated women than men

Three Of The Environmental Change Factors With The Most Immediate Impact:

3. Population changes, particularly age and numbers

“The size of successive U.S. generations, and thus the differing numbers of people in specific age groups, is at the heart of the long-term sea changes we experience in economics, business and society.”

Benjamin B. Lichtenstein

Trends can and will shift. One set of facts, generation size, will not change. Generation size (and characteristics) need to be a major factor in all significant fundraising planning.

The Generational Parade:

1905 – 1924		
“GI Generation”	105 oldest 86 youngest	70.4 million 5 million remain
1925 – 1944		
“Silent Generation”	85 oldest 66 youngest	52.5 million smallest 100 years
1945 – 1964		
“Boomers”	65 oldest 46 youngest	78 million
1965 – 1984		
“Generation X”	45 oldest 26 youngest	69 million
1985 – 2010		
“Generation Y”	25 oldest 1 youngest	100 +- million

1905 – 1924: The “GI Generation”

- 56.6 million born
- 13.8 million immigrants
- Total 70.4 million
- 5 million remain
- Aged 86 to 105
- Peak birth year was 1921
- Leaving \$7 to 10 trillion to kids
- Still in leadership roles

1925 – 1944: The “Silent Generation”

- 52.5 million born
- 2.4 million immigrants
- Aged 66 to 85
- Smallest generation of last century
- “Where have all the old people gone?”
- Key goals:
 - Independence
 - Staying in own home
- 20 million smaller than previous generation

1945 – 1964: The “Boomer Generation”

- The “war babies” aged 46 to 65
- Peak birth year 1957:
 - 4.3 million births
 - More people born than any prior year
- Almost 80 million
- 71.5 million by 2030:
 - Twice 2000 number
 - Almost 20% of population
- One retires every 8 seconds
- Masters of situational ethics:
 - Rampant corruption
- Boomer peak 2010:
 - 53years old

1965 – 1984: “Generation X”

- 69 million aged 26 to 45
- 11% fewer than boomer generation
- 50% attended college vs. 25% of boomers
- Closed 10 – 15% of public schools
- Increased college enrollments
- Will create dramatic change
- 4 million fewer home buyers
- 9 workers for every 10 jobs
- 80 million with Latino immigration

1985 – 2010: “Generation Y (Echo Boomers)”

- 100+- million:
 - Oldest 25
 - Youngest born in 2010
- First 25 year generation
- Older parents:
 - 1/3 have four parents and eight grandparents
- Will stop immigration
- Increase in crime:
 - 65% men 15 to 30
- Peak age now 20
 - 1990 4.2 million births
- Internet and direct mail will be key to communication

1. Could be prepared on a department comprehensive basis or by donor or prospect constituency, gift types or levels, fundraising program, leadership structure, etc.
2. Facts, trends, etc. which appear to represent an opportunity, basis for change or have a negative impact.
3. Specific issues, within the activity being assessed, which directly relate to the specific fact or trend in question, e.g. Over 60% of our donor and prospect pool will be women by 2015, yet we have no women trustees or senior staff.
4. What could be the potential impact (H = high, M = moderate, L = low, E = evaluate) on the assessment area if the fact or trend in question occurs?
5. How do the items in columns "A", "B" and "C" compare to each other in terms of relative impact (consequences) #1 = highest and #5 = lowest.
6. Who is assigned to do the follow-up data gathering, etc. and by when?

Three Parting Observations For Your Consideration:

- Philanthropy is not an entitlement
- There are no million dollar gifts without million dollar dreams
- The planning and strategies that got your organization to today – won't get it to where it needs to be tomorrow

“Like rays of light, leaking through the darkness here and there, certain change is coming”

Bob Dylan

**Thank You
Questions?**