

*Who will be philanthropy's donors of the future?
How will they be different from the donors of today?
How will they best be identified, reached and engaged in action?
What are the implications for initiatives to encourage new giving?*

Donors of the Future: Scanning Project Report

**Project conducted by
Millennium Communications Group, Inc.
for The New Ventures in Philanthropy Initiative of
The Forum of Regional Associations of Grantmakers and
The Council on Foundations Community Foundation Leadership Team**

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The Scanning Project

“Philanthropy” ... We might once have thought of it as the work of endowed foundations, but increasingly we realize that we are, in fact, “an industry of living donors,” and that the donor pool is as elastic, various and changing as our population. The scanning project was designed to explore, and create an initial map, of what we know or can predict about the Donors of the Future – who will they be, what expectations will they bring to their giving, what vehicles are they likely to use... and how will all this change the giving landscape, and the work of organizations – regional associations, community foundations, other initiatives – that work to grow giving in this new landscape.

The Donors of the Future scanning project was undertaken with the joint sponsorship of the New Ventures in Philanthropy Initiative at the Forum of Regional Associations of Grantmakers, and the Community Foundation Leadership Team at the Council on Foundations.

These two organizations share a central commitment to increasing our nation’s philanthropic resources. Each seeks to support local and regional organizations – regional associations, individual community foundations, and other new giving initiatives – as they work to identify and engage new donor populations. For CFLT, the scan represented an opportunity to begin to frame a vast and complex topic – donors of the future – as a part of its strategic planning for its second five years. For the Forum/New Ventures the scan had a dual purpose: 1) to identify and/or create knowledge resources that can support the work of any and all who seek to generate new philanthropic giving; and 2) to continue to explore opportunities for the Forum, its member regional associations, community foundation leadership and individual community foundations to work together growing philanthropic capital in communities.

Intent of the Project

The scanning project was developed to:

1. Unpack the subject of “donors of the future,” to make it more accessible for leadership discussion
2. Learn more about what resources and tools already exist to help identify and engage future donors
3. Identify and qualify what data sources, particularly on line, are readily available for regional associations, community foundations, and other giving initiatives to use to understand population and other trends in their own markets
4. Create some initial resources for understanding and reaching donors of the future to share with the field
5. Spell out to the extent possible the implications of the findings for regional associations and community foundations, and suggest possible next steps for either CFLT or New Ventures, acting independently or together.

Advisory Support

Millennium’s work was supported and enhanced by an informal advisory group that included Jennifer Leonard, CEO of the Rochester Area Community Foundation and former Forum Board Member; Ben

Johnson, CEO of the Greater New Orleans Foundation and New Ventures Advisory Group member; Ruben Orduna, Director of Development for The Boston Foundation; Ana-Gloria Vasquez, Vice President of Hispanics in Philanthropy; Vicki Rosenberg, Chief Operating Officer of the Council of Michigan Foundations; and Jenny Kloer, Director of the GIFT project at Indiana Grantmakers.

Definition of “Donors of the Future”

Both New Ventures/CFLT and the project leadership at Millennium began the work with the expectation that the primary focus of the scan would be on learning what was known about reaching “diverse” donors – donors in those population groups that have traditionally been on the periphery of community foundation donor engagement activities, and whose ranks are growing as American population trends and cultural attitudes change. These diverse donors include donors of color (principally African American, Asian and Pacific Island, Hispanic, and Native American), women, GBLT donors, rural populations, and youth.

As work progressed, it became apparent that any broad consideration of “donors of the future” also involves the extent to which *the whole donor pool* – including “traditional” and “diverse” donors, of high wealth and low – is becoming different by virtue of: aging, getting richer or poorer, changing attitudes and behaviors, seeking new relationships in their giving, passing money to children, moving geographically, acting globally, aligning giving with faith or spiritual values, getting technologically more savvy, supporting families back home, etc.

The scan deals with both understandings of the definition. Additionally, the distillation of key trends that forms the backbone of the part 2 “Implications for Action” shows how both understandings of the term converge in their impact on the broad donor development field.

Major Project Activities

To complete the scan, we reviewed community foundation, New Ventures, and other archives of literature on philanthropic donors; identified a starting list of experts – researchers and practitioners – in this work; and from the literature review and conversations with experts, then identified, gathered, and reviewed dozens of existing studies and projects. A selection was made of the best and most provocative of these; these “best resources” have been organized and presented – and their findings and key learnings summarized -- in a separate Resource Package. That can be found on the New Ventures web site. Because it does represent a content distillation, and not just a list, the resource package offers significantly more than a typical annotated bibliography.

We additionally scanned a broad range of web sites and project literature on topics related to “giving and...” or ‘civic engagement and...’ such topics as population change, technology, attitudes and expectations about institutions, evangelism, politics, etc., to identify current trends and patterns with implications for donors and future donor interests and expectations.

Finally, we identified and reviewed a number of on-line data sources – particularly on population and giving data – that are readily available to community foundations and other local/regional actors who want to understand the giving patterns and changing population mix in the communities or areas they serve. These include current and projected data on racial and ethnic composition of the population at national, state, and local levels, household income data, migration and immigration patterns by state, charitable giving information at state and county levels, etc.

Products from the Scan

Three separate products were developed from the scan:

1. A summary of the scanning work (this document): outlines the definition of “donors of the future” used in the scan, describes the activities undertaken, and summarizes major focus areas and findings
2. The implications for action: distills 12 key trends related to donors and suggests their implications for regional associations, community foundations, and other new giving initiatives
3. A compendium of key resources uncovered by the scan: digests the content most critical to regionals, community foundations and local giving initiatives, in four key categories:
 - resources and lessons from initiatives to engage diverse categories of donors
 - capsule summaries of useful studies on new and future donors generally
 - resources to understand key trends affecting the future donor pool
 - online data resources for mapping population and giving patterns in a state or community.

It represents the “catch” of the scan in terms of resources on donors of the future that are immediately accessible to community foundations and other donor engagement initiatives.

Overview of Work and Findings Related to Diverse Donors

The material reviewed for the scan on reaching population groups often considered “diverse” by community foundations could be summarized as follows:

There have been many initiatives in this area. Over the last ten years, there have been dozens of projects designed to learn how to engage women, minorities, and other previously overlooked donor categories in philanthropic giving. These projects have been initiated by many sponsors and founders, including New Ventures in Philanthropy, individual affinity groups, the Aspen Institute, individual regional associations of grantmakers, major foundations, academic centers, community foundations, the Council on Foundations.

The Forum’s New Ventures initiative is providing some of the most sustained sponsorship of this work.

These projects have produced a robust collection of print and electronic resources – including tool kits, books, lessons, data on giving patterns and means, principles of emerging good practice, and success stories – along with a recognized cluster of researcher and practitioner experts who write and speak extensively on these issues.

While most of these initiatives have focused on a specific population group, and often in a specific geographic area, there is a common set of core lessons across the groups. These include:

- A. Many people “in philanthropy” start with the mindset that diverse people are needy – and thus users of resources rather than donors of resources. Project after project – whether research or action in orientation -- proves this wrong. Starting assumption: all can be – are – donors.
- B. Wealth appreciation is growing significantly in all these groups.
- C. Lack of familiarity with the mainstream American philanthropic system and structure is a major barrier to giving for many ‘diverse’ donors, especially native American populations, Hispanic, Asian and other non native-born donors.

- D. The concept of endowment can be another significant barrier, especially for donors of color, younger donors who seek immediacy, and many self-made wealthy.
- E. Who “makes the ask” is critical to individuals in diverse donor groups. For many, a personal relationship with “someone like me” is required.
- F. Donors increasingly look for “people like me” on the staff and Board of asking organization.
- G. Success takes time, requires leadership commitment and institutionalization. Without these three elements, little endures.

The country’s 600+ community foundations represent the largest cluster of existing institutions whose missions commit them to community-based new giving initiatives, **and the new community foundation standards provide a strong rationale for the reach to and involvement of diverse donors in all aspects of community foundation work.**

While community foundations have been individually involved, however, and the lever of the standards exists for all, **community foundations institutionally are not at the center of the conversation about reaching diverse donors.** Resources for how to do this work are not in the community foundation distribution system. Reaching diverse donors is not believed by many to be a priority of CFLT or CFA.

There are significant resources available free and on line to help identify population and giving patterns in a region. These also are not yet in the distribution pipeline of resources for community foundations and other new giving initiatives.

Expanding The Scan Beyond Population Groups On The Periphery

To take the scan beyond the subject of diverse donors, we reviewed recent philanthropy literature (e.g. New Ventures work on “The New Giving Landscape,” Fulton and Blau in “Philanthropy for the Future”), and aired possible topics with the scan advisory group. This led us to focus on five specific giving trends, already visible in the environment, with substantial future implications for community foundations and other local/regional efforts to stimulate new giving. They were:

1. the increasing visibility – and complexity – of faith-based giving
2. the very rapid growth of diaspora giving
3. the ‘march of generations’ – the impact of the advance of different age cohorts through civic and philanthropic institutions of all kinds
4. the emergence of electronically supported communities of donors
5. the increasing interest among all donors in international giving.

Our effort was to identify current resources – articles, studies, websites, involved practitioners – that could help begin to develop a community-foundation focused understanding of the importance and possible impacts of each issue for community foundation futures.

The brief thumbnails that follow reflect what was suggested or captured in more depth by the scan. Their likely implications are highlighted in the next section.

Faith-based and Evangelical Giving. The role of faith in giving is well known. The scanning activity focused on evangelical and Christian giving, currently the fastest growing and also politically the most volatile. The scan attempted to get some sense of the magnitude and shape of evangelical giving – in excess of \$100 billion annually, with a substantial footprint overseas as well as in the US – and to identify the major players and institutions involved in building out the extensive evangelical/Christian giving infrastructure. White evangelical Christians are estimated at

nearly ¼ of the U.S. population. Many/most community foundations see explicitly Christian donors as outside their domain. The extent to which Christian or evangelically focused donors are found in the existing community foundation donor pool is unknown. Recent years have seen the creation of new Christian community foundations in nearly 20 communities, many of these with existing community foundations. This picture suggests the potential for a complex leadership and management issue for the community foundation, regional associations, and other philanthropic leaders in their communities.

Diaspora Giving. The term diaspora giving refers to the money that foreign born residents in the US send home to families and communities – much of it for direct family support, but also a large amount for community projects as building schools and roads, supporting health care, etc., The giving is huge; in the aggregate it amounts now to an estimated \$50 –75 billion annually. So are the percentages – 60% of all foreign-born Latin American adults are estimated to be remittance givers, for example. In communities with large Hispanic populations, this would be a significant slice of the overall population. Money goes to Latin America primarily, also Asia, India, China, South Africa, Kenya, Brazil, Colombia. There are few mainstream foundations or donor initiatives currently connected to this giving or involved in enhancing it; there may be potential win-win relationships that can be developed.

March of Generations. Giving data related to aging make clear that the country is on the edge of huge shifts in the age cohorts that represent the adult giving population. Eighty million baby boomers will begin to retire in 2011; 120 million generations X and Y behind them (ranging now from 18 to 40) will then constitute both the pool of donors with earned income, and the pool of civic leaders. Lifestyle information on each of these cohorts – what each one feels about politics, work, spending, music, technology, civic engagement, religion, etc – abounds. But there is very little in-depth information available about giving behaviors and patterns. What there is suggests that the baby boomers are less generous than their parent generation, and the generation X coming behind is even less so. These generational waves – in combination with the patterns in the use of the Internet described just below – will have major implications for all involved with new giving initiatives.

Electronic Donor Communities The scan illuminates two related trends here, each critical to community foundations and other on the ground sponsors of new giving initiatives. The first is increasing donor interest in joining with other donors in informal community to explore and work together on how to be the donors they want to be. These communities, almost all electronically enhanced, exist among virtually every type of donor, and are common across all lines of race, class, sexual orientation, religion, etc. They are referred to as “gatherings” in the scan – “gathering” being the operative word in virtually all their descriptions. The second is rapidly growing use of direct giving portals, which allow donors to use an internet portal to handle all aspects of their giving -- from project identification to due diligence, transaction management, outcome assessment, reporting, and ongoing connection to the beneficiary – and to get a sense of scale from participation with others. Each of these developments may be seen as highly suggestive of the kind of giving relationships and giving intermediaries donors seek.

International Giving We did not specifically scan for patterns and numbers here, as many others have documented the rising interest in giving globally. But a reading of the scan reports makes clear the common international thread in diaspora giving, the response to disasters like the

tsunami, the overseas ministries of faith based givers, the potential of the internet to enable giving on the ground overseas.

Implications for Action

The material that follows draws from all of the activity of the scan to distill twelve key trends that we believe will have significant impact on the ways that community foundations, and other local/regional donor development initiatives, will need to understand – and respond and reach to – tomorrow’s donors.

The trends are listed below. Many are not new, but rather add evidence from the scan to other work the Forum/New Ventures Initiative and CFLT are doing to understand and approach future challenges. On the chart that follows this page, we’ve aimed to show the trends and their key implications.

Any given trend may have greater or lesser impact on any given local or regional initiative. But cumulatively, this list offers a donor-focused way to think about the future challenges for those who wish to create and nurture a donor pool that is indeed *as elastic, various and changing as our population*.

12 Key Trends Emerging From The Donors Of The Future Scan

- Racial and ethnic diversity will increase in almost all communities at large.
- Wealth appreciation in virtually all distinct/different population groups will become significant — e.g., more wealthy African Americans,, Asians, Hispanics, women, gay, young, self-made.
- The concept of endowment will face continuous pressure as new donors – from recent immigrants to self-made high-wealth entrepreneurs – enter the system.
- Interest in giving internationally will increase among all types of donors.
- Sending money home, among foreign born living in the U.S., in income categories from top to bottom, will increase significantly.
- Flash giving– triggered by international conflict, famine, natural disasters, all unfolded instantaneously by the media – has the potential to engage and empower many donors; may be the entry point of primary mode of giving for many donors.
- Donors will be increasingly attracted to self-formed learning and giving communities or gatherings, that foster connectivity and exploration, sponsor events, etc.
- More and more donors will take care of all of their giving – flash and more sustained – with internet giving portals.
- A more mobile population of all ages, combined with out-migration from smaller towns and rural areas, and more frequent “caravanning” among retirement aged adults, may continue to diminish the appeal and incidence of place based giving.

- Giving by faith-based donors, long acknowledged as providing the majority of all giving in the US, will become even more complex to deal with. Polarization around Christian and evangelical giving will increase, as “mainstream” philanthropy institutions tag it all as “evangelical”. In current political context, Muslim giving may also become very hot.
- Donor demand for a streamlined, 24-7, customized interface will push community foundations on the business operations side.
- Peoples’ need to see themselves (i.e., people of their kind), in the leadership of the institutions to whom they give their money, time or allegiance will increase.

And one cumulative forward projection: All the trends above are now evident among today’s adult population. All will become more extreme as generations X and Y – and those that follow them -- enter and assume leadership in the system.

See companion trends chart.