



**First Things First**



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[www.fundraisingcounsel.com](http://www.fundraisingcounsel.com)



from the desk of  
**David H. King** | President & CEO

## What Does 2020 Have in Store for Us?

I've seen a lot of people referring to 2020 as the start of the Roaring 20s. I assume they are harkening back to the days of great growth and prosperity in the United States following World War I. I'm not sure if 2020 will usher in the second coming of the Roaring 20s, but it does promise to be an interesting year for philanthropy.

Firstly, when Giving USA is released in June we will see the full picture of the impact that the 2017 tax law changes had on philanthropy. In 2018, we saw significant growth in giving. But, one question that hangs over that growth is: How much of that was a result of people bundling gifts in 2018 or making substantial contributions into Donor Advised Funds to meet the threshold to itemize their tax return and deduct contributions? If a lot of that happened, then those gifts were likely not repeated in 2019. How much of an impact will that have? That's the \$400-billion question that we won't know the answer to until the data comes in. Will we see the first non-recession year decline in giving that has ever occurred? Stay tuned.

Secondly, this is going to be a monumental election year. The stakes for both parties are extremely high. Here in Georgia, we have been somewhat shielded from it because our primary isn't until March 24th. I was in South Carolina in late January and billboard, TV and radio ads for the Democratic primary are ubiquitous. Even in the relatively rural part of the state I was driving through, there were plenty of candidate billboards. All of this energy around the elections likely means that campaign contributions will reach levels never before seen. We are already seeing that on both sides. Will political campaign giving divert funds away from nonprofits? It never has in the past, but as we've seen a lot of late, the past is not necessarily a good predictor of the future. This could be another "first" for philanthropy as these campaigns intensify and need more and more money.

Thirdly, is the fact that disposable household income is on the rise. There are three factors contributing to this rise: 1) unemployment is at an all-time low; 2) wages are increasing faster than inflation across all income demographics; and 3) the 2017

tax cuts lowered rates for most people, meaning more disposable income in the paycheck. A rise in disposable household income is also a strong leading indicator of the trend for giving; but is it enough to offset the impact of the increased federal standard deduction that has reduced the number of itemizers.

What does all this mean? Well, if I could predict that I'd be living on my own private island somewhere. But, what I do know is that we live in interesting times.

### **VSE Reports Institutions Raised \$49.6B in 2019**

A report from the Voluntary Support of Education survey of the Council for Advancement and Support of Education (VSE) found that total estimated giving to U.S. institutions of higher education increased for the tenth consecutive year for the fiscal year ending June 30, although at a slower rate than the 4.6% increase registered in FY18. The survey also found that while contributions from foundations (18.4%) and donor-advised funds (16.7%) jumped in 2019, giving by individuals fell.

According to the report:

- Foundation giving accounted for the largest share (34.3%) of total dollars raised in FY19, with the increase due largely to a single gift of \$1.2B from Bloomberg Philanthropies to Johns Hopkins University.
- The drop in giving by both alumni (-10.1%) and non-alumni (-5.5%) was likely due to the sharp stock market selloff in December 2018, as well as passage of the 2017 Tax Cuts and Jobs Act.

More [here](#). PND, 2-7

### **Returns on Educational Endowments Fell in FY19,**

The endowments of nearly 800 U.S. colleges and universities returned an average of 5.3%, net of fees, in the fiscal year that ended June 30, 2019, down from the 8.2% recorded in FY18.

According to a report from the National Association of College and University Business Officers and TIAA, despite two consecutive years of declines:

- The average ten-year return was 8.4%, up from 5.8% in FY18 and for the first time in a decade exceeding institutions' long-term objective of 7%.
- Three-quarters of survey respondents reported spending more from their endowments in FY19 in support of students and faculty, with an average increase of more than \$2M.
- Total endowment dollars spent by all respondents increased 8% on a year-over-year basis, to more than \$22.6B, with 49% of that funding allocated to student financial aid, 17% to academic programs, 11% to faculty support, and 7% to campus facilities.
- Lower market returns in FY19 accounted for the decline in the average endowment return and the largest institutions saw the highest average return (5.9%), driven by greater exposure to buyouts and venture capital investments.
- The best-performing endowment asset classes in FY19 were venture capital (13.4%), private equity (10.2%), and U.S. equities (8.2%), while portfolios with greater exposure to international equities tended to underperform.

More [here](#). PND, 2-4

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TRANSFORMING INSTITUTIONS THAT TRANSFORM LIVES

### **CASE District III Annual Conference | Orlando, FL | Feb 9-12, 2020**

We Came...to the CASE III Annual Conference as we do every year to help support the higher ed community and share and gather information to help our clients be successful in their fundraising endeavors. We were proud to sponsor both the opening plenary session, as well as the closing special event

We Saw...old friends. Met new friends. Caught up with colleagues. Our Partners also manned the Alexander Haas information booth in the exhibition hall.

We Conquered...giving presentations. **Arthur Criscillis**, Managing Partner, brought greetings to those in attendance and also lead a "super session," which had to be repeated due to overflow demand. **John Taylor**, Partner, led two different sessions on charitable giving laws and gift acceptance issues, as well as being one of four *Ask The Experts* panelists in a very popular session.

We came....we saw....we conquered....and we will do it again next year!





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**North Carolina A&T State University** in Greensboro is a returning Client Partner.



Wofford College in Spartanburg, SC, is a returning Client Partner.

For more than 30 years, Alexander Haas has been a fixture in the nonprofit community. We are honored to have worked with some of the largest, and some of the smallest, institutions that help make our country a better place to live.

[Take a look at our past and present Higher Education Client Partners.](#)

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