

**Volume 13
Number 6
December 1994
\$4.20**

Grassroots Fundraising

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Fundraising**

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and Fundraising**

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Subscription Inquiries

Grassroots Fundraising Journal
P.O. Box 11607, Berkeley, CA 94712
TEL: (510) 704-8714 • FAX: (510) 649-7913

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Classified:

\$.75 a word, minimum 10 words

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1/8 page, 3 1/2" x 2 1/4"	\$ 50
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Deadlines:

February issue: December 1
April issue: February 1
June issue: April 1
August issue: June 1
October issue: August 1
December issue: October 1

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The Grassroots Fundraising Journal
is published six times a year:
February, April, June, August, October,
and December.

ISSN No. 0740-4832.

Founding Publishers
Kim Klein and Lisa Honig

Publisher and Editor
Kim Klein

Editor in Chief
Nancy Adess

Manager
Stephanie Roth

Design
Robert Cooney

Printed on recycled paper with soy ink.

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The Pitfalls and the Promise of Telephone Fundraising

by Carol Blanton

Which one of these statements is a fundraiser more likely to hear from the average member:

"If you ever telephone me asking for a donation, I'll never give to your organization again!"

or,

"One of your people called the other night. It was good to have an opportunity to hear about your new programs and to clear up a problem with my membership records."

The answer for many of us is definitely "the first." I would make the argument that the second statement can be the one heard as frequently if telephone fundraising is done properly. Let me say it another way: telephone fundraising can expand an organization's revenue sources while improving member relations.

What distinguishes telephone fundraising from direct mail, the technique most of us rely on to communicate with and solicit support from our members, is that it is interactive. The fundraiser and the donor can establish a dialogue. This allows the fundraiser to vary the message, adjust the amount asked for, respond to questions, meet unanticipated needs, and, in the worst case, gracefully explain or even apologize for the fundraising call.

Telephone fundraising also provides an opportunity for one-on-one cultivation of large numbers of lower-level donors, akin to major donor cultivation. As a result, in many cases low-level members respond with higher levels of support — like major donors.

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Why Do It?

If you are considering telephone fundraising, if the possibility has even been whispered within the walls of your organization, you undoubtedly have heard negative comments not unlike the first comment in the opening paragraphs. Few people are initially enthusiastic about telephone fundraising. They're afraid of it, embarrassed about it, and personally annoyed by it. Particularly if you have a fairly successful membership fundraising program, the pros seem to be vastly outweighed by the predictions of doom that come from co-workers, board members and supporters.

So, you had better have your arguments supporting telephone fundraising in good order before you even approach your organization with a plan.

The bottom-line reason for attempting telephone fundraising is financial. Early this year, our organization, The Nature Conservancy of California, conducted a test to mea-

sure the effectiveness of telephone fundraising against our standard two-letter spring appeal to members in segments of giving groups ranging from \$50 to \$10,000. The total pool of donors was 20,951. As the data below indicate, telephone fundraising was the clear winner.

	<i>Telephoned</i>	<i>Mailed to</i>
Total	10,425	10,425
Number of Responses	2052	398
Response Rate	22.2%	2.2%
Income		
Gross	\$153,300	\$77,300
Net	\$105,400	\$21,100
Cost Per Dollar Raised	\$.31	\$.72

These results mirror those we have had in two previous telemarketing efforts. As we refine our telephone fundraising program, targeting the most responsive donors, eliminating those who never give by the telephone, improve program management and tracking, and refine scripts and caller preparation, our results will continue to improve.

Our results show that many donors who consistently had not upgraded into higher giving levels or clubs when asked by mail made significant upgrades when asked by phone. It took an interactive conversation with these donors for them to understand the programs and needs.

We find that increasingly our busy members — many of them younger and not as committed as our older, long-standing members — do not take the time to read letters. A telephone conversation will often get their attention where a letter simply does not get through.

Another attractive aspect of telephone fundraising that is often overlooked is the opportunity it gives donors to communicate back to the organization. They can air concerns, ask questions, correct and update their records, rectify misunderstandings, or merely chat about programs they are interested in. These conversations invariably strengthen the donor's relationship with the organization, support the solicitation effort, and frequently improve future giving.

During one of our recent telephone fundraising campaigns, a member asked how she could go about making a planned gift she had been contemplating. The caller put the donor in touch with a planned giving officer and the result was a \$10,000 annuity gift.

Finally, a well-trained telephone fundraiser has the direct and immediate opportunity to deal with any negative impact of the solicitation. With direct mail we try to inform our members of the importance of support we receive from mail solicitations while also giving frustrated donors the opportunity to limit the mail they receive. But it does not always work, and many donors remain frustrated with the number of fundraising letters they get. The impact of this frustration about direct mail can have a powerfully negative effect on donor relations.

With telephone fundraising, the donor has an opportunity to speak up, and the caller has an immediate opportunity

to respond either with an apology and/or a commitment not to call again. Our organization was recently complimented by a donor in this regard. She said, "When your people called and asked for support, I explained that I hate being called and if I receive another call, I will stop giving. The caller apologized and said straight away that I would not be called again, and I haven't received another call. I liked that very much." This is the opportunity that even the negative call offers.

How to Do It

Now for the reality check: telephone fundraising is a complicated, time-consuming management effort. It requires numerous preparatory steps, careful supervision, ongoing monitoring and adjustment during the calling process, and timely, thorough follow-up. Whether you use a professional telephone fundraising firm or do the work in-house, a staff member must be involved every step of the way.

Whom do you call? Your organization may be able to call all its members. Or, you may be limited due to costs, availability of callers, time constraints or other factors. If you must limit your calling, instinct may tell you to call lower-dollar donors in order to "protect" your high-level givers. This is probably not the best strategy. Our experience and that of many organizations using telephone fundraising shows that the high donors, especially the \$500 and \$1000-plus donors (excluding sensitive donors and those being cultivated individually for major gifts) are the best prospects.

Alternatively, you can test donors from all giving levels. In future campaigns you will be able to refer to the results of past telephone campaigns to select those donors responsive to telephone fundraising, eliminate donors who have asked not to be called and, over time, eliminate donors who have refused to give two or three times.

Where do you get the telephone numbers? If you are lucky you already have telephone numbers for most of your members because you have been recording them from the donors' personal checks and asking them for phone numbers on membership applications. If not, you may want to start now to request phone numbers on all response devices and other written communication that comes back from your members.

If you do not have numbers or want to verify the numbers you have, there are vendors that will check or find phone numbers either electronically or, at a more costly rate, by hand. You could also call on volunteers to look up numbers in telephone directories. On average, you can expect to find numbers for about 50 to 60 percent of your members. Once you have these numbers, take care to enter them onto your membership records for future campaigns, though as a general rule phone numbers, like addresses, are outdated within three years.

What do you say? A script serves several purposes: it gives you a chance to say "thank you" for past support; it frames a consistent, accurate message; it describes past suc-

cesses and current needs; it guides the caller to the "ask"; it gives the caller alternative information and ask amounts to refer to when the conversation varies, and it can offer benefits and opportunities to the donors in return for support.

Always begin by thanking the donor for past support, even if that support consists only of a one-time dues payment. Have a brief, accurate giving history at hand for each donor you call. Next, ask if the time you are calling is convenient, and either offer to condense the call to meet the donor's needs or make an appointment to call at a convenient time. This is also the time to respond to the donor who does not want to participate in the telephone fundraising call. Often-times, donors whose requests not to participate are promptly and graciously responded to will show their gratitude with an upgraded future gift.

A successful script, as with an effective direct mail letter, depends on communicating urgency and need. The more urgent and timely your organization's need at the moment of the call, the more successful your campaign will be. Relief organizations that mobilize telephone fundraising efforts in rapid response to natural disasters take full advantage of communicating urgency via the phone. The script also needs to briefly highlight some of the organization's successes in order to build donor confidence and assure her/him that past donations were well used.

A script can also introduce new giving opportunities, such as an invitation to join a higher giving club. It is an excellent opportunity to describe and market the special benefits being offered in upgraded clubs. It is particularly effective to offer benefits that require immediate action, such as an invitation to an upcoming event.

The "ask" is the critical element of the script. Ask amounts must vary based on the donor's past giving. Callers will need the donor's highest gift and an upgrade table to determine the ask amount. Some telephone fundraisers recommend the first ask amount be two to three times the amount of the donor's highest previous or most recent gift. Some feel it is important to get even a token donation of \$10 or \$25 dollars rather than ending the call with no gift at all.

There are a variety of opinions on how hard and long you should negotiate. The script should give a variety of two to four fall-back amounts the caller can suggest if the donor refuses the first amount, but much of that will be determined as the conversation plays out. There is a fine line between constructively pursuing the gift and annoying or alienating the donor by pushing too hard. This is the art of telephone fundraising, and is the reason every organization may wish to consider hiring a professional telephone fundraising firm. When using volunteers, take care to train them well in the art of the "ask." Volunteers and even staff too often get caught up in conversation that is great for donor cultivation, but does not lead to a gift. Remember, the purpose of the call is first and foremost to get the gift!

How do you make sure callers are saying what you told them to say? Training is essential. For professional

telephone fundraisers, training sessions by your staff communicate the urgency of your needs and the passion you feel for your organization's goals as well as the facts the callers are being asked to discuss. The callers must have an opportunity to ask questions, particularly about complex aspects of your

*The reality check:
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complicated, time-consuming
management effort.*

program, so that they understand the subtleties of the script.

With volunteers and staff, the training emphasis is on getting to the ask and not giving up too quickly when the donor balks. Training time is always a valuable investment.

The companion to training is monitoring. With professionals this is essential, and any firm should provide you with the opportunity to listen in on calls without the donor's knowledge. This allows you to evaluate the effectiveness of the message and the ask amounts, and to make adjustments to improve response. You can also help callers improve their presentation, correct factual errors, and even request that a caller be eliminated from your campaign if you are not satisfied. Plan to monitor regularly over the first few weeks of the campaign.

Another way of monitoring the program is to review the previous day's returns on a daily basis, looking carefully at each donor segment and evaluating its performance. This gives you a chance see where the weaknesses are and to correct for them in the next day's calling. Unlike a mail appeal, which cannot be altered to correct for early response or lack of it, telephone fundraising is dynamic. With telephone fundraising you can continually correct the course as the campaign provides feedback.

Once they say "yes," what do we do — how do we get the money? You must mail a pledge fulfillment request to all donors who agree to give. (Some gifts can be made immediately via credit card if you have this option available, but this will only be acceptable to a small percentage of your donors.) Notices must be mailed very promptly, ideally within 24 hours of the call. They can be very simple, essentially a politely worded invoice thanking the donor for his/her pledge, reminding him/her of the amount and asking for prompt payment. A reply envelope must be enclosed. If the pledge is not fulfilled, a second reminder goes out three weeks later, and a third notice three weeks after the second. A thank you and acknowledgment goes out promptly after the gift is received.

How do you make friends and better donors out of non-givers? Another sort of follow-up goes out to non-donors. Questions and requests for information that arise during the call must also be responded to promptly. Establish a

system and designate staff time to deal with this task before the campaign begins. You should be able to permanently mark donor records to identify those who do not want to be called. You can also develop a standard letter apologizing for the inconvenience of the call, thanking the donor for past sup-

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urgency and need.*

port and encouraging future support. We actually get responses from these letters with checks enclosed.

How do you make it easier and better the next time around? The key to improving your telephone fundraising efforts is keeping good records. Of course you *will not* call donors who have asked not to be called in a future campaign. In addition, you can begin to see giving patterns both within segments of your membership and with individuals that suggest they are not responsive to telephone fundraising. Some segments may simply cost too much to call. You may stop calling them or develop a more cost-effective program for these segments. Individuals who have refused to give two or three

times consecutively should be dropped from future campaigns. They may not be saying "no" directly, but they are sending you a clear message.

Carefully analyze the overall costs and returns for your campaign. Providing reports and analysis of your telephone fundraising program is one of the most valuable services of a professional telephone fundraising firm. If you are doing the campaign in-house, create your own charts of costs and returns, breaking them into groups of donors by giving amount, length of membership, or other variables you think will distinguish giving patterns. Analyze these reports as you plan your next campaign. They are the key to improving your success with a telephone fundraising program.

Telephone fundraising is not a project to be taken on casually. It is complicated, time consuming and risky. However, do not be frightened of the process or the effect it may have on your donors. A well-planned, carefully executed telephone fundraising campaign has tremendous potential: raising new and greater sources of revenue and, as important, improving donor relations. ■

Carol Blanton is Director of Membership for The Nature Conservancy of California. Her last article in the Journal was on upgrading donors.

Next issue: How to Choose a Professional Telephone Fundraising Firm

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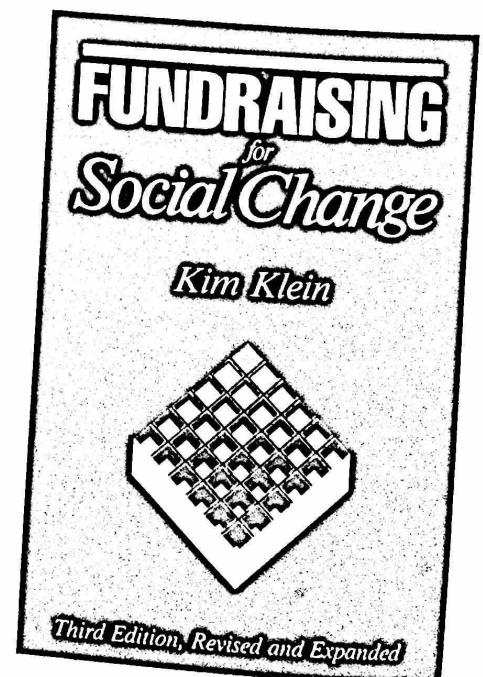
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Organizing & Fundraising: *Sisters in the Struggle*

by Vicki Quatmann

After 14 years of fundraising for a citizen's organization in the mountains of East Tennessee, I've got some observations to share about the ways that fundraising and organizing need to work more closely together to build people power.

From 1979 until 1993 I worked for an Appalachian citizens organization, Save Our Cumberland Mountains, better known as SOCM (pronounce it SOCK-EM). I was their fundraiser, though I was initially hired to answer the phone and be available in the office as back up to six organizers who were busy outside the office.

My previous 15 years working as a middle-school teacher and principal had taught me nothing about community organizing.

Slowly, I learned the meaning of the word "organizing" and the intricacies of the strip mining and surface rights issues that SOCM was already famous for addressing, despite its short seven-year history. I learned that the job of an organizer is to make it possible for people to work together for what they believe in. It is about gaining control over decisions about new industries, jobs, landfills, strip mines, water, taxes, and schools that can make a life-and-death difference to the future of small rural communities. It is about making elected officials accountable to us, the electors and taxpayers who supply the salaries of those elected officials.

Understanding organizing was intoxicating. It made sense to me—more sense than all my past years of summer volunteer work doing service to needy people through youth camps, cheese lines, free day care.

I learned that a good organizer never does *for* the people she is working with; rather, she shows them how to do for themselves. A good organizer doesn't speak at the public hearing, rather helps those upset about the incoming strip mine to prepare their own testimony and practice their own speech. A good organizer is never found quoted in the press but rather

sees to it that the press contacts the local people concerned about the strip mine coming in and helps them prepare their own words for the media.

I learned that a good organizer lays out possibilities, challenges the people to try all the strategies that have been successful elsewhere in similar fights, and before the final strategies are chosen, backs away and lets those people directly affected by the promised strip mine decide how much they are willing to risk in their fight to stop it. Organizers don't tell the people, they ask.

I saw organizers push people into taking action by refusing to do it themselves. I worked with organizers who knew that if they did it themselves, they would erode the very foundation of the people-power they were trying to build.

I learned that an organizer has done a first-rate job when he is forgotten at the end of a successful legislative campaign and the members are proudly owning the victory, claiming they did it themselves. Good organizing is about ownership. It's about providing people with the opportunity to become aware of their own capabilities and potential. In fact, a good organizer, if successful, turns each person she meets into a temporary organizer. Cesar Chavez, one of the great organizers of this century, said that people are infinitely more appreciative of what they do for you than what you do for them.

I watched the staff at SOCM for 14 years and saw that good organizers must be astute people-readers. They recognize the person that can spare a little time who is actually ready to give it all if only someone would ask them. They recognize when the moment is right to put someone to work knowing that if they don't, they'll lose them for the cause. They are always looking for commitment. They want to grab that first spark of interest and give it a job. Then they move that person to a more steady involvement—regular meetings,

phone tree, help with research. And, eventually, to the kind of commitment that can only be made with risk and total awareness—the kind that moves a person to speak out publicly on issues dividing their local community or take responsibility as chair of the local chapter or a position on the board.

For a couple of my years at SOCM I worked as an organizer. That was why I had joined the staff in the first place. The “office job” that was fast turning into a fundraising job hadn’t been part of my plan. When an organizer position came available, I applied for it. In the years of working as an organizer on a campaign directly opposing the Department of Energy for its utterly unconscionable and irresponsible disposal of hazardous waste in the ground and streams surrounding Oak Ridge, Tennessee, I learned an even deeper respect for what it takes to be a good organizer—personal maturity, commitment, sharp intelligence, bulldog persistence, and a sense of humor that keeps all in balance.

Two years into my organizing job, the person who replaced me as fundraiser left on two weeks’ notice, throwing my old job back into my lap along with the organizing. Our search for a new fundraiser dragged on and on. Though good organizing is every bit as difficult as good fundraising, there are hundreds of people who believe they can do the one and not the other. I chose to return to my old fundraising job with a renewed sense of purpose and insight into what I was supporting and SOCM hired an organizer.

Two Sides of the Coin

While she was director of the Appalachian Community Fund, Kim Klein gave innumerable workshops teaching fundraising to groups like ours in the region. Through her I learned a powerful sense of mission about my own work as a fundraiser for SOCM. I understood my place as that of an organizer. Along with the organizers, my job was to be out there asking, asking, and asking some more—challenging the membership to greater commitment through their financial gifts; showing them how true ownership and control begins with owning the resources that power their own organization. I became excited about my part in the work. For the first time, I identified myself proudly as a fundraiser.

One of my favorite inspirational books during my years of fundraising for SOCM was a little booklet titled, *Axioms for Organizers*, by Fred Ross, Sr. I read it often and simply substituted the word “fundraiser” for “organizer.” Try it yourself. Substitute “fundraiser” for “organizer” in the section above where I speak about what I learned about good organizing.

As my fourteen years at SOCM fled by, SOCM celebrated its tenth, then its fifteenth, and then its twentieth anniversary. Each anniversary became the occasion for making stronger demands for support on SOCM’s constituency. At the tenth, pledges per mile on an 1800-mile canoe trip by one of the senior staff set the occasion for the first serious big-dollar asks. At the 15th, Kim Klein taught us how to do individual donor solicitations and we built a small “Can Do It Fund” to pay for

corner-turner opportunities in the midst of tough campaigns. For our 20th, we established our first endowment, a “Year 2000 Fund,” and solicited three-year pledges from every member of the organization.

As a fundraiser my job was to get that first gift. We call it an impulse gift. Often the organizers got it in the form of the annual \$10 dues. Then, I set up opportunities that encouraged giving at other times during the year so that the new member donor might become a habitual giver. Finally, I or staff or a few members asked the member donor to give a significant gift, one that required risk and a serious level of commitment. (Does this sound like organizing?)

I dreamed of a whole army of member volunteers who might join in asking other members to make that step toward serious ownership through a significant gift to SOCM. The staff and I weren’t a big enough asking force. Besides, a friend or a neighbor in the community who has made the same commitment he is asking for is better heard, more respected.

I wanted people to give at a level that moved them away from saying, “You people at SOCM ought to...” to “We ought to...” I wanted them to feel, through their donations, that they were in charge, they owned and had real say over their organization. I dreamed of the day that the greatest part of SOCM’s support would come from its membership and supporters, not from foundations.

I’m still dreaming and I haven’t given up.

I have taught fundraising to future organizers at the Southern Empowerment School where I use an exercise describing a major paper company about to locate in an area that has been primarily dependent on tourism. The weak local chapter of an existing citizen’s organization has decided to fight location of the plant. I lay out, in detail, the geography, sociology, and politics and economics of the specific area that will be affected. Then I split the group into two. One half is to be organizers and plan the strategy for how to address this devastating intruder; the other half is to be fundraisers and decide how to raise the \$20,000 that the first year’s campaign efforts will cost.

Both times I’ve tried this exercise the organizer group has been amazed at the powerful potential that the fundraising plan has for broadening the constituency committed to the campaign. In fact, it has been generally true that the fundraising plan, more than the organizing plan, has incorporated the greater effort to broaden the commitment to a greater number of people. The organizing strategies tend to quickly become heavily focused on research and similar strategies that depend on a few skilled leaders.

All the skills used by good organizers are the very same skills used by good fundraisers. Both must be very sensitive people-observers. Both must be intensely aware of the potential activist’s/donor’s self-interests and how those interests mesh with the overall group’s goals. Both must be willing to ask the potential activist/donor to make a commitment, to risk, to give over of themselves. Both must know how to inspire confidence, convey to the activists/donors that their

contribution is extremely important and show regularly how that contribution is making an important difference.

Integrating Fundraising and Organizing

If good organizing is about deepening commitment, no aspect of the issue campaigns our organizations address will be more effectively served than by asking everyone involved and everyone helped by our good work to pay the costs. A strong base of constituent support that is giving at its capacity and helping to increase that support in an organized annual campaign is the most important ingredient in assuring our organizations' financial stability and long-term future. A big pool of donors is like a major savings account and organizational pension plan rolled into one—and far more reliable and predictable than any single foundation grant. The effort to build such a pool contributes more to the organizing mission of our organizations than a million-dollar grant from a foundation.

Why not have an equal number of fundraisers as we have organizers? Maybe we could partner each fundraiser with an organizer. Or, why not agree that all organizers be trained to be effective fundraisers and that there no longer be a distinction? This latter may be the tougher road. Changing old war horses isn't easy.

That leads me to another "why." Why do we let our organizers get away with claiming that they have no time to raise money in the midst of an intensely hot issue? We know we are kidding ourselves! There is always time for one more sentence with each person we are working with. "Will you give \$ ____ to support this effort" "This effort for this year will cost \$ ____; how will you be helping to pay for it?" No time is better for raising the money that will cover the cost of a campaign than during the hottest moments of the fight! Organizers know that the time when an issue is most deeply felt is when they will get the greatest time commitments. It should be no surprise that the same holds true for fundraising.

It is time for our organizer training schools to teach organizers everything about fundraising and fundraisers everything about organizing, recognizing that the two are equally critical to the health and future of our grassroots citizen's groups. It is time for all of us to stop departmentalizing and make the fundraising an integral part of the everyday organizing work of each employee and leader of our organizations. ■

Vicki Quatmann spent 14 years fundraising and organizing with SOCM and has taught workshops all over the east and southeast. She continues to do fundraising consulting and training out of Lake City, Tennessee.

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1993 Trends in Philanthropy:

More Groups, Fewer Dollars

You knew this, intuitively, as you struggled to make ends meet last year, but now we'll give you the facts behind your intuition. Giving fell behind inflation last year.

Despite a sluggish recovering economy, however, Americans did maintain a strong commitment to supporting nonprofit organizations in 1993, according to *Giving USA*, the annual report prepared by the American Association of Fund-Raising Counsel (AAFRC) Trust for Philanthropy. In total, individuals, foundations, and corporations granted \$126 billion to nonprofits in 1993, an increase of 3.6% over 1992 giving.

Nevertheless, this increase lagged behind inflation, which jumped 3.9% in 1993, as measured by the Gross Domestic Product.

Don't despair! There are some good economic signs for the future. Personal income grew 4.7% in 1993 and unemployment dropped to 6.4%, after a high of 7.7% in December 1992.

The \$126 billion total charitable giving is about 2% of Gross Domestic Product, the total measure of the U.S. domestic economy. "This is a slightly higher percentage than the 1974-1985 period, and a slightly lower percentage than we saw in the 1960s and early 1970s, but giving has hovered at around two percent of GDP for decades," states Martin Grenzebach, Chairperson of AAFRC.

As usual, the largest share of philanthropic giving in 1993 came from individuals (living and by bequest), whose contributions accounted for \$0.88 of every charitable dollar, or \$103 billion. The remaining \$0.12 of the charitable dollar came from foundations (7.3%) and corporations (4.7%).

576,000 501(c)(3) Organizations

Have you wondered why it seems harder every year to raise money even though private donations continue to rise every year? According to *Giving USA*, "We have been in the

midst of a virtual explosion in the formation of new voluntary associations all over the globe."

In the U.S. alone, there were 576,000 501(c)(3) charities in 1993, an increase of about 80% since 1981. Additionally, there are nearly 600,000 other tax-exempt entities registered with the IRS.

*The largest share of
philanthropic giving in
1993 came from individuals.*

Also, have you ever wondered about so many nonprofits being small and a few huge? Actually, the 68% of nonprofits with assets under \$500,000 receive only 5% of all nonprofit revenue. These numbers probably underestimate the situation, since they come from IRS 990 reports, which are not required of organizations with annual revenue under \$25,000.

As for the big organizations, those with assets above \$10 million (!), they constitute only 5% of nonprofits but collect 79% of all revenue. (The middle 27% of nonprofits receives 16% of the revenue.) (See graph)

Foundation Grants Up

At 7.3% of total U.S. private giving, foundation giving was at its highest percentage in a long while. One has to go back to the 1965-1974 period to find foundations with a stronger influence on the nonprofit sector. During that ten-year span, foundation giving ranged from 7.7% to 9.0% of all private giving.

Also noteworthy, foundation giving grew faster in 1993 than individual or corporate giving, increasing by 6.6% to \$9.2

billion. Some of this increase may be attributed to the growth in foundation assets. According to a report by the Foundation Center, *Foundation Giving 1994*, foundation assets (excluding corporate foundations) grew eight percent in 1992, reaching \$170 billion.

Community foundations, although accounting for only 1% of all U.S. foundations in 1991, made 67.2% of all foundation grants, received 12.4% of all gifts to foundations, and held 4.9% of all assets in 1992, according to the Foundation Center report. "These trends emphasize the significance of community foundations in philanthropy and the active role living donors are playing in community foundation growth," states *Giving USA*.

Fast expansion of foundation giving shouldn't set you racing to your computer to submit more and bigger proposals, however. Keep some perspective! Remember that a 50% increase in foundation giving over the past five years amounts to \$3.0 billion, while a more modest 28% growth in individual giving over the same five years has put \$22.5 billion more into nonprofit circulation.

Corporate Giving, No Change

Corporate giving at nearly \$6 billion in 1993 remained at the 1992 level (and the 1991 level, and the 1990 level). But what a change eight years makes! In 1985, corporate giving amounted to 6.6% of all private donations, but by 1993 this percentage had dropped to 4.7%. That's almost a 30% drop in influence in the nonprofit sector.

The decline of corporate giving is even more striking when looking at corporate giving versus pre-tax income. Again, using 1985 as a base year, we see corporate income at

\$225 billion. By 1993 income had grown to \$450 billion. That's exactly double in eight years. But growth of corporate gifts hasn't kept pace. From \$4.8 billion in 1985, corporate donations went to only \$5.9 billion last year. That's only a 23% growth in contributions compared to a 100% increase in pre-tax income.

Religious Giving Remains Tops

Contributions to religious causes consumed the greatest chunk of charitable giving in 1993. Giving to religious organizations reached \$57 billion, which accounts for 45% of total giving. Giving to religious causes increased by 4.1% (only 0.2% after inflation). Religious contributions come primarily from individuals.

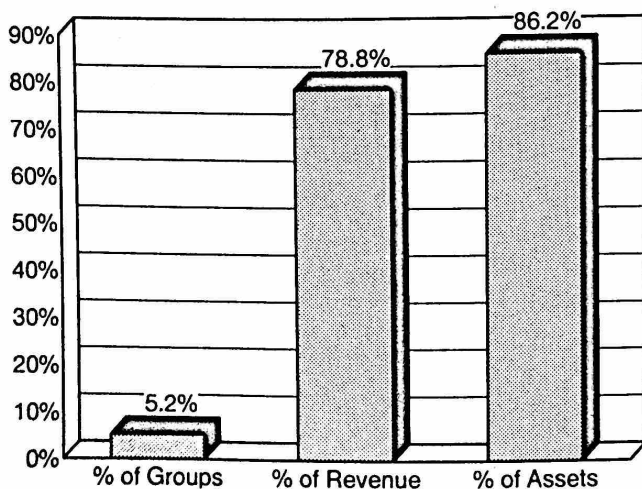
One explanation for the strong support religious organizations receive is their wide community involvement. Martin Grenzebach, Chair of the AAFRC, explains, "Religious congregations are the hub of social change, community building, and health and human service provision. They are also active in the arts, in international affairs, in education and in conservation activities."

In 1993, 92% of religious organizations surveyed for Independent Sector's report, *From Belief to Commitment*, said they provided welfare and human services. Ninety percent said they provided health services. In addition, 62% report providing services for public/society benefit, 53% for education activities, and 40% for environmental programs.

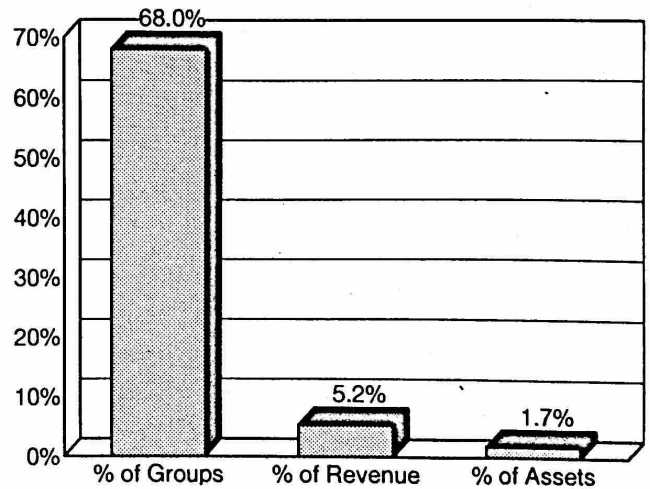
Education, 40% Real Growth, 10 Years

Education was the next largest recipient after religion.

The Largest Nonprofits with Assets Above \$10,000,000



The Smallest Nonprofits with Assets Under \$499,999



Education giving over ten years has shown steady growth every year. In 1983, education got \$6.7 billion of total private giving; in 1993 it received \$15 billion, a 40% growth in real inflation adjusted dollars.

The report notes a marked interest in public school reform in 1993 educational giving. One such interest was demonstrated by Walter Annenberg, who last year announced \$500 million in educational grants to organizations involved in reforming public elementary and secondary schools. The Annenberg Institute for School Reform, at Brown University, will administer the awards over a five-year period.

International Giving Up

The strongest percentage growth in contributions went to international affairs, which demonstrated an 8.5% increase (4.4% after inflation), bringing it to \$1.9 billion. \$380 million of that amount was pledged by George Soros towards education reform in the former Soviet Bloc countries.

"The increase (in giving to international affairs) comes amid a worldwide increase in the numbers of nonprofit or non-governmental organizations. The international nonprofit sector is growing in importance and numbers, a sign that organizations of this kind, when allowed to form, are natural components of civil society," according to the *Giving USA* press release.

Public Benefit, Human Services Both Up

Public/Society Benefit and Human Services both received a strong upsurge in contributions as well. Human Services, which garnered \$12.5 billion, and Public/Society Benefit which totalled \$5.4 billion, each had increases of 7.8% (3.7% after inflation).

The report states that the rise in Human Service funding might partly be attributed to the unusual number of natural disasters afflicting the nation in 1993. The long-term picture of giving to Human Services, however, is grim. Such giving was only 10.8% of all giving in 1993. While this is a little better than the two previous years, it is far, far from the 16.8% figure posted in 1963, or even the 15% figures of 1969-1972.

The Public/Society Benefit category includes a wide range of organizations involved in public policy, community improvement, civil rights, and scientific research. Trends in this category are difficult to analyze because donors interested in social/community improvement may sometimes give to the health, education, or religion categories instead. In addition, the inclusion of scientific research in the category obscures research that may not necessarily be for the public good. The contribution of \$65 million to the Houston Advanced Research Center (HARC) by the family of Houston oilman George P. Mitchell (Mitchell Energy and Development Corporation) raises such a question. HARC focusses on "research and technology development in energy, medicine, the environment, and related fields."

Community-Based Development Strong

A report by the Council for Community-Based Development does, however, indicate improvement in the funding of community-based development programs. The study found that between 1989 and 1991 the number of funders rose 66%, reaching 512. Total grant support increased by 72% in that period, rising from \$104 million to \$179 million.

The long-term picture of Public/Society Benefit giving is quite opposite to that of Human Services. Public/Society Benefit giving is now 4.7% of all private giving, the highest percentage in 31 years (except in 1990, at 4.9%). The percentage had been only 2.5% in 1970 and 3.2% in 1963 (as far back as the data go).

Environmental and Arts Giving Down

Areas showing drops in 1993 funding after consideration of inflation were Arts, Culture and Humanities, which fell by 1.2%, and Environment, suffering a 1.7% drop. In 1992, environmental organizations had reported the largest rate of increase in contributions among surveyed organizations.

Both environmental and arts organizations were expected to benefit from the 1993 tax act, which restored the full deductibility of gifts of appreciated property, including both land and works of art. Since the value of land and art have not recently appreciated significantly, however, and because such gifts take a long time to arrange, it may be a while before the fruits of the tax law are evident.

Nevertheless, since separate records have been kept by *Giving USA* on both environmental and international giving, they have both gone up steadily as a percentage of total private giving. Environmental giving rose from 1.9% in 1989 to 2.8% in 1993, and international giving moved from 1.1% in 1987 to 1.6% in 1993.

Health Giving Unaffected

Health. In the news. Spotlight on health care by President Clinton, the First Lady, and Congress. But according to Grenzebach, Chairperson of the AAFRC Trust, "The 1993 numbers do not indicate that the debate about health care has affected giving."

A look at the long-term picture from 1983 to 1993 shows that giving to Health has kept pace with inflation, but that's all. Health giving peaked in 1987-1988, when it was about 12-13% higher in inflation adjusted dollars.

One highlight of giving to Health was AAFRC's cautious estimate that 1992 voluntary contributions to AIDS services organizations had reached between \$575 and \$850 million. That sum went to more than 18,000 programs.

Giving USA 1994, the yearbook on philanthropy, is available for \$45, prepaid, from the AAFRC Trust for Philanthropy, 25 West 43rd Street, Suite 820, New York, NY 10036. ■

This article reprinted, with permission, from Responsive Philanthropy, the Newsletter of the National Committee for Responsive Philanthropy.

Book Review

New Guides from the Foundation Center

National Guide to Funding for the Environment and Animal Welfare

411 pages. \$85

Guide to Funding for International and Foreign Programs (Second Edition)

316 pages. \$85

Both available from:
Foundation Center
79 Fifth Avenue
New York NY 10003

The Foundation Center continues its excellent tradition of providing helpful and well-organized information about the world of foundation and corporate grantmaking with these two books.

The *National Guide to Funding for the Environment and Animal Welfare* contains information for 1240 grantmaking programs and 89 corporate giving programs that have shown a substantial interest in these areas, either through their stated purpose or through their grantmaking. The groups funded cover a broad range, from public policy and educational institutions to grassroots organizations and international programs.

The *Guide to Funding for International and Foreign Programs* contains entries for 622 grantmaking foundations and 35 corporate giving programs with expressed interest and a track record of giving internationally or to domestic programs supporting international work.

Both books have six indexes, where a wealth of information is stored that would otherwise take months to research:

- Index to Donors, Officers and Trustees involved in the foundations or corporations listed. This information is helpful in determining if a board member or volunteer in your group knows anyone in these foundations and may also provide some clues as to the politics of the foundation or corporation.

- Geographic Index that tells you where the foundation is located and where it will make grants.

- Types of Support Index that lists entries by specific types of support, such as exchange programs, research, annual campaigns, capital campaigns, scholarships, matching funds, loans and so on.

- Grantmaking Programs by Subject Index allows you to find those foundations funding your program area. These tend to be listed in broad topic areas, such as animal welfare, conservation, ecology, peace, or the names of countries.

- Grants by Subject Index that allows you to find organizations or programs similar to yours that have been funded. In the international guide, the subject index contains dozens of entries such as "arms control," "civil rights," or "agricultural development," each with several sub-categories. The *Guide to Funding for the Environment and Animal Welfare's* subject index includes "food and nutrition," "global programs," "environmental education," and dozens more, each with subheads.

- Alphabetical Index of foundation and corporate programs described in the book.

As *Journal* readers know, the *Journal* discourages people from spending a lot of time writing grants or hoping for foundation support, simply because there is not that much of it compared to giving by individuals. However, foundations do play an important role in the income streams of many organizations, and guides like these can vastly shorten the amount of time spent researching likely prospects.

You do not have to purchase these guides to use them. Copies of the guides will be available at the Foundation Center collection nearest to you. To find out where the nearest Foundation Center collection is, call the central Foundation Center office in New York toll-free: 800/424-9836. ■

Announcement

New Directories from Research Grant Guides

Directory of Building and Equipment Grants
Third Edition
\$57.50

Directory of Grants for Organizations Serving People with Disabilities
(formerly: *Handicapped Funding Directory*)
Eighth Edition
\$47.50

both available from (add \$4 shipping per order):
Research Grant Guides, Inc.
P.O. Box 1214
Loxahatchee, FL 33470

The *Directory of Building and Equipment Grants* contains step-by-step guidelines that help walk you through the process of winning funding for building, equipment and renovation projects. More than 900 funding sources are listed, by state. Each foundation profile lists the foundation's address and phone number and areas of interest supported. Geographic restrictions, grant range and a list of organizations funded are included in the foundation profile when available. Articles in the directory cover effective strategies for specific proposals and for incorporating requests into other

appeals, appropriate expectations and helpful suggestions for preparing proposals, and tips on how to position, package and personalize your proposals.

The *Directory of Grants for Organizations Serving People with Disabilities* profiles more than 1,000 foundations and includes 29 programs offering federal sources of support. Included is an article entitled, "Getting the Most from Federal Funding Information Sources." ■

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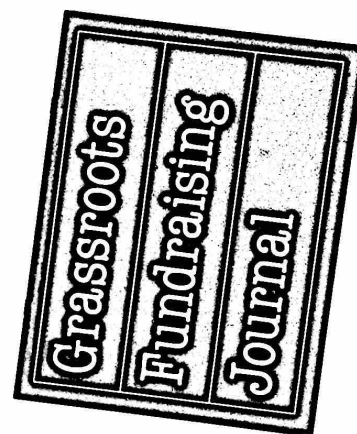
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Kim Klein, publisher of the *Grassroots Fundraising Journal* and author of *Fundraising for Social Change* (now in its Third Edition), is a nationally known fundraising trainer and consultant. Kim is best known for adapting traditional fundraising—particularly major donor campaigns—for use by organizations with small budgets and those working for social justice. She has provided training and consultation in 45 states and 11 foreign countries.

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