

NEWS

Association for Healthcare Philanthropy

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With Charitable Pledges Down, and the Expense of Raising Donations on the Rise, Nonprofit Hospitals Strive to Keep Giving Levels Steady During the Recession

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Doctors, Hospital Employees Take Up Some Slack by Donating More Money

WASHINGTON, D.C., (November 8, 2010) – With charitable pledges – especially in the Western United States – declining due to the deepening recession, fundraisers were forced to spend significantly more money in fiscal year 2009 than in past years to secure gifts and grants for nonprofit hospitals and health care systems in the United States and Canada, according to benchmarking data released today by the Association for Healthcare Philanthropy (AHP).

“The recession’s impact and duration were felt more strongly in the U.S. than in Canada, where health care philanthropy tended to advance slightly or at least hold its own despite lower levels of government support,” said William C. McGinly, Ph.D., president and chief executive officer of AHP. “U.S. nonprofit hospitals, however, often struggled just to keep giving levels steady, and some saw declines.”

McGinly added, “The constant message that shines through the data is that organizations that best survived last year’s worsening economy were those who persevered by keeping sufficient staff and resources to maintain well-rounded philanthropic opportunities and programs.”

AHP gathered detailed data from 66 institutions across the U.S. and Canada, including community hospitals, academic/ teaching, tertiary and specialty hospitals and health care systems. On average, the recession hurt charitable giving to health care institutions most severely in the Western region of the U.S. Sample wide, median Return on Investment (ROI) – a measure of fundraising effectiveness – fell 23 percent in 2009 from \$4.63 to \$3.57. For cash donations alone, median ROI fell 17 percent to \$3.26.

On the brighter side last year, physicians and other hospital employees of the organizations reporting data in this study donated more money and did so more frequently. Gift amounts from physicians and physician groups averaged \$5,000, up \$3,000 from 2008 illustrating great strides in foundations’ efforts toward building the internal culture of philanthropy.

Major gifts of at least \$10,000 from individuals, corporations and foundations accounted for 55 percent of all revenue raised by institutions in the benchmarking sample, which was seven percent more than in 2008. Annual giving's portion of total revenues was unchanged at 15 percent, however, costs associated with annual giving efforts soaked up 27 percent of all fundraising expenses in 2009, compared with 19 percent in 2008.

Planned giving, where a future major gift donation is bequeathed to a nonprofit, often takes on added importance in difficult economic times because it allows donors to postpone charitable payments. Last year, however, planned giving actually went down two percent as a portion of 2009's total giving to institutions in the benchmarking study. However, the average planned gift size increased to more than \$140,000, up from about \$100,000 in the 2008 survey.

AHP's Performance Benchmarking Service is now in its fifth year. Participating organizations are able to compare their fundraising programs and results against those of industry leaders to upgrade business practices, achieve fundraising goals and integrate philanthropy into their health care organization's strategic plans. Using data collected from participants, members generate comparison reports for improved financial and human resource evaluation and planning in language CEOs and CFOs relate to and understand.

The association's benchmarking survey for 2009 confirmed trends noted in AHP's FY2009 Report on Giving, which examined charitable donations raised by 522 U.S. and Canadian nonprofit hospitals and health care systems. The FY2009 Report on Giving found that health care philanthropy dipped 11 percent in the U.S. last year to \$7.644 billion while rising 5.2 percent in Canada to \$1.124 billion.

The Association for Healthcare Philanthropy, established in 1967, is a not-for-profit organization whose more than 4,500 members direct philanthropic programs in 2,200 of North America's not-for-profit health care providers. AHP members provide essential service such as wellness programs; mobile health vans; mammography screenings; hearing and eye exams; and other health care services. AHP is comprised of professionals in the fields of fundraising, development, public relations and marketing, as well as trustees, administrators, and executives interested in health care fundraising.

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