

NEWS

Association for Healthcare Philanthropy

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U.S. Philanthropic Giving to Slow Due to Weak Economy, Political Uncertainty, Causing Financial Stress in the Nonprofit Health Care Field, AHP Study Warns

WASHINGTON, D.C., (September 23, 2008) – A weak economy with possible recession, coupled with political uncertainty over a new presidential administration and Congress, may slow down overall philanthropic giving in the near term and create serious financial problems in the nonprofit health care community, according to a landmark new economic study released today by the Association for Healthcare Philanthropy (AHP).

The new AHP report, “Economic Cycles and Charitable Giving,” by John Volpe, Ph.D., collegiate professor at the University of Maryland University College, looked at projected overall philanthropic contributions, given forecasts of weak economic growth for the remainder of 2008 and through 2009, even if the economy avoids recession. Dr. Volpe concludes that a slowing of the growth in Gross Domestic Product (GDP) and disposable personal income, as well as uncertainty over the recovery of the housing and stock markets, are among the principal causes of expected weakness in charitable giving through 2009.

AHP’s position is that all of these problems will lead to a perfect storm of problems for nonprofit hospitals and other institutions. Declines in the growth of charitable giving are likely to hurt the ability of nonprofit health care providers to keep pace with growing numbers of under- and uninsured patients, declining rates of reimbursement, and ever-mounting capital and operational expenses.

“If philanthropic giving does decline, serious financial stresses in the nonprofit health care community in the coming months will test the skills of fundraisers, as charitable donors are more likely to give to causes that are familiar rather than seek to fund new causes,” said AHP President and CEO William McGinly. He added AHP estimates that health care institutions in the U.S. raised \$8.35 billion through philanthropy in 2007, and that despite the current economic climate, fundraisers remain optimistic about the future of philanthropy in the long run.

“In tight economic times, fundraisers will have to better benchmark their data and strategies, as nonprofits convince donors, board members, hospital leaders, and the public that they are accountable for the gifts they receive and are using those limited funds in the most cost effective and transparent manner,” said Lisa Hillman, chair of AHP’s board of directors and senior vice president and chief development officer for the Anne Arundel Health System in Annapolis, Md.

“On the positive side,” Dr. Volpe noted, “the data strongly indicate that when the economy recovers from its current downturn the growth in the generosity of the American people should rise sharply. Leading the growth of charitable contributions in the decades ahead will be the elderly and the initial groups of baby boomers reaching retirement.”

The Association for Healthcare Philanthropy, established in 1967, is a not-for-profit organization whose more than 4,800 members direct philanthropic programs in 2,200 of North America's not-for-profit health care providers. AHP's members include fundraising professionals, development staff, public relations professionals, trustees, marketing professionals, administrators, and executives interested in health care fundraising. In 2003, AHP launched its Performance Benchmarking Service, which establishes standard metrics and industry best practices for fundraising success.

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