

# MICHIGAN FUNDRAISING CLIMATE SURVEY

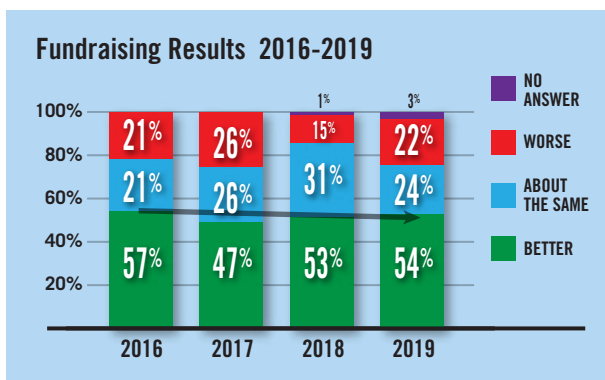
**SEVENTH EDITION**  
MONTGOMERY CONSULTING, INC.

► **Michigan’s fundraising climate is deteriorating and nonprofit leaders are becoming much less optimistic.**

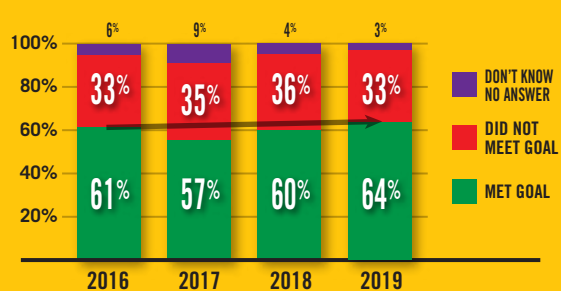
*Those are the key findings of the 2019 Michigan Fundraising Climate Survey*

### FUNDRAISING RESULTS: MODEST DECLINE

Nearly 78% of our respondents raised at least as much in 2019 as in 2018 while 22% reported raising less. That is the good news. When “much” and “somewhat” responses are combined and a trend line inserted in the chart at right, however, it becomes clear that the proportion of respondents raising more money and reporting better fundraising results has been declining.



### Percentage Meeting/Not Meeting Goal 2016-2019

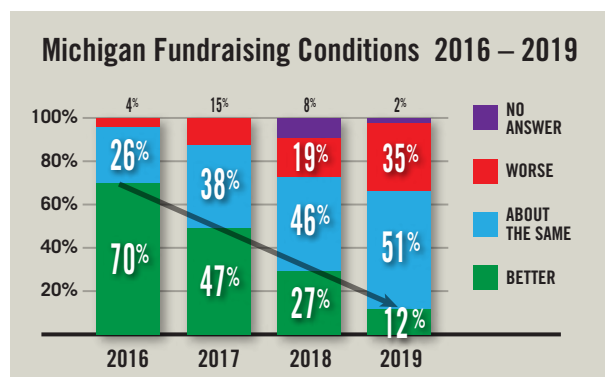


### FUNDRAISING GOALS: STABLE

When asked, 64.13% of our respondents said that their organization had met its 2018 fundraising goal while 32.61% said that they had not made goal. This was a modest improvement in a measure that has been very stable over the years. While stable, 33% to 36% of organizations not meeting their fundraising goals in any given year is nonetheless a concern.

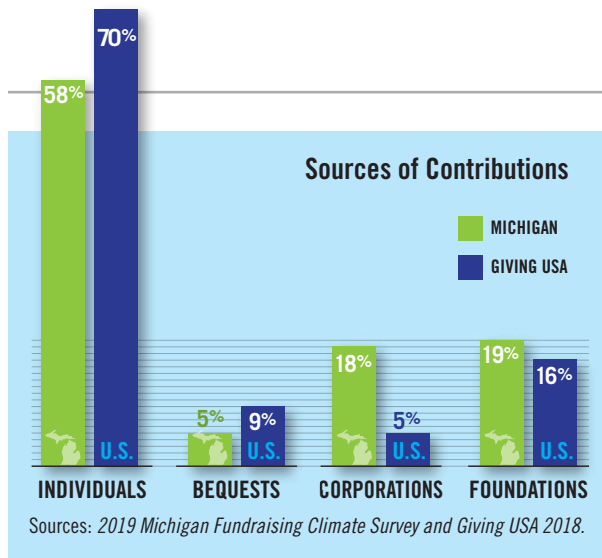
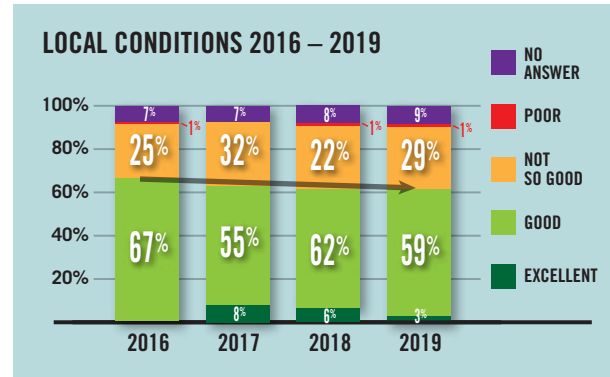
### STATEWIDE CLIMATE: MUCH LESS OPTIMISM

Our 2019 panel was much less optimistic than in previous years about Michigan’s statewide fundraising climate. The largest single group expected that 2019 fundraising conditions would remain “about the same” (51.09%). Fewer expected things to become “much better” (1.09%) or “somewhat better” (10.87%) and significantly more expected conditions to become “somewhat worse” (31.52%) or “much worse” (3.26%). When the “much” and “somewhat” responses are combined, it becomes clear that optimism has been declining sharply for several years.



### LOCAL CONDITIONS: LESS OPTIMISM

While they were still more positive than about statewide conditions, respondents are also becoming less upbeat about fundraising conditions in their home communities. When asked to characterize their local fundraising climate in early 2019, 3.26% chose “Excellent,” 58.7% “Good,” 28.26% “Not so Good,” and 1.09% “Poor.” As illustrated on the chart, optimism about local fundraising conditions has been slowly declining.



### CHARITABLE GIFTS BY SOURCE

*Michigan: Less from Individuals, More from Corporations.* Our Michigan respondents continue to report receiving a smaller proportion of their total philanthropy from Individual Donors and more from Corporations than reported by the national *Giving USA* series. This has been a consistent finding of all seven editions of our survey. This difference is likely partly methodological (we exclude religious congregations from our study) and partly regional (several of America’s largest corporate givers are headquartered in Michigan). In any event, our figures should generally be closer to what readers are likely to see at their own organizations than the *Giving USA* ratio.

## 2019: A Tale of Two Surveys

*In January as we invited Michigan nonprofit leaders to take our Fundraising Climate Survey, AFP deployed a very similar national survey. Findings of the two studies are consistent with one area of difference — expectations for the future.*

**Did charities do at least as well in 2018 as they did in 2017?** Eight in ten AFP respondents and 78% of our panel reported raising at least as much money in 2018 as in 2017.

**Did charities raise more money in 2018 than in 2017?** 54% of respondents to both surveys reported raising more money in 2018 than in 2017. The AFP report, however, expressed concern because that was lower than 60 to 65% they typically see.

**Did tax law changes effect 2018 giving?** 54% of AFP and 55% of our respondents said changed US tax laws had no effect on 2018 giving to their organizations. AFP respondents, however, were twice as likely as our panel, 9% vs. 4.35%, to say that tax law changes may have positively affected 2018 giving.

**How optimistic are fundraisers?** AFP reported that 87% expect to raise at least as much in 2019 as in 2018. Michigan nonprofit organization leaders were less optimistic with only 63% expecting the statewide fundraising climate in 2019 to be as good or better than in 2018 and 62% giving local fundraising conditions positive ratings.

*When asked about fundraising results, responses from AFP’s national survey and our Michigan survey were nearly identical. When asked about expectations for the future, however, our Michigan panel was much less optimistic which may not be surprising given that our 2019 survey was book-ended by announcements of major GM job cuts.*

## MERGERS, A NEW GENERATION, & TAX LAW CHANGES

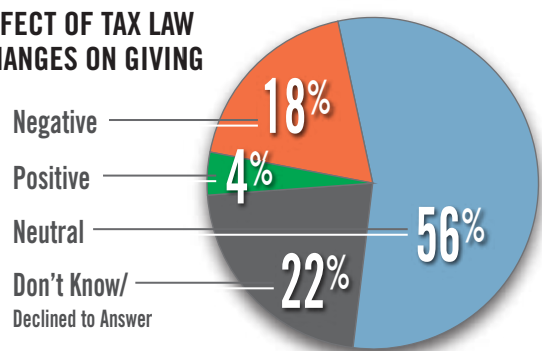
Previous editions of the Michigan Fundraising Climate Survey took deeper dives into a single topic. This year, however, we will take quick looks at three different issues...

- A TAX LAW CHANGES AND GIVING** – Have recent tax law changes had an impact on giving?
- B GENERATIONAL CHANGE AND GIVING** – Younger people are becoming more prominent in corporate, foundation, and individual philanthropy. How do our respondents think this generational change is likely to effect giving to their organizations?
- C NONPROFIT ORGANIZATION MERGERS** – What are Michigan nonprofit leaders hearing about merger and consolidation?

### A TAX LAW CHANGES

Two-thirds of 2018 respondents worried that the Tax Cut and Jobs Act of 2017 could have a negative impact on giving by Individual Donors. This year, only 18.48% said they believed tax law changes decreased 2018 giving to their organizations and 4.35% said tax law changes may have increased giving. One respondent, however, volunteered that they were hearing from colleagues that gifts of appreciated securities were down in 2018, possibly as a result of the 2017 tax law changes. Interestingly, more than 20% of respondents declined to answer this question.

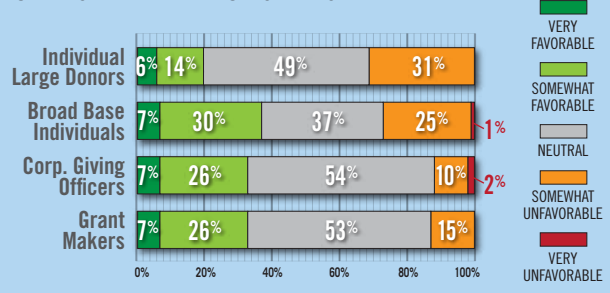
EFFECT OF TAX LAW CHANGES ON GIVING



### B GENERATIONAL CHANGE

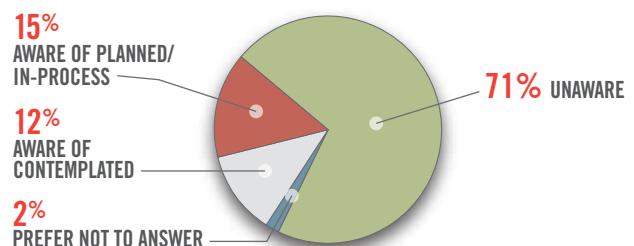
Younger people are clearly becoming more prevalent and influential in philanthropy. So, we asked our 2019 panel how they think generational change might effect giving to their organizations. Respondents generally viewed the transition to a younger generation of philanthropists, grantmakers, and corporate giving officer as likely to be neutral or positive for their organizations with one exception — Large Individual Donors. In that donor segment, nearly 1/3rd of our respondents were concerned that generational change could prove unfavorable for their organizations.

RESPONDENT VIEWS OF HOW GENERATIONAL CHANGE MAY IMPACT GIVING



### C MERGER AND CONSOLIDATION

Many people outside the nonprofit community talk about merger as a potential solution to the funding challenges facing many NPOs. But, how common and, more importantly, how serious is the exploration of consolidation within Michigan's nonprofit community? Among our respondents, just 14.61% were aware of nonprofit organizations in their area actively planning or currently implementing mergers while 12.36% of respondents were aware of organizations in their area that were seriously considering merger. Awareness of merger was highest in the Metro Detroit and Tri-County/Thumb areas where nearly 40% of respondents were aware of planned or contemplated mergers and lowest in the UP where no respondents reported awareness of any mergers being planned or contemplated.



FIGURES ABOVE HAVE BEEN ROUNDED AND MAY NOT TOTAL TO 100%

See our website for a related publication about what you might want to do now that the Tax Cuts and Jobs Act of 2017 is a reality -- Charitable Giving Just Got More Expensive for Your Donors... Are You Ready? For access go to: <https://montgomeryconsultinginc.com/resources-%26-outreach>

## ABOUT THE SURVEY

This is the 7th in a series of annual surveys looking at the fundraising challenges and opportunities facing Michigan nonprofit organizations.

Our 2019 survey began with a broadly-representative 734-organization cross section of Michigan nonprofit organizations that are likely to be actively soliciting philanthropic support from Individual, Corporate, and Foundation donors. Groups funded through the collection plate, membership dues, or predominantly by government have generally been excluded from our survey.

In January 2019, leaders at all 734 NPOs in our sample were invited to take this year's survey. Leaders at 93 organizations of many different sizes, types, and regions of Michigan ultimately accepted our invitation for a 2019 response rate of 13%. While that is a little lower than our 2018 rate of 14%, either is respectable for an electronic survey. Upon review of the responses, we concluded that we had a sufficient number of respondents from each region, size, and type of nonprofit organization to make it very likely that what we report here will accurately reflect the views of Michigan's nonprofit organization leadership at this time.

## MONTGOMERY CONSULTING SERVICES

For 30 years, Montgomery Consulting has helped nonprofit organizations to fulfill their mission and achieve their potential through:

- More effective fundraising strategy, tactics, and initiatives.
- Stronger grant proposals, case statements, and fundraising messaging.
- Improved strategic planning.
- Better-trained staff, board, and leaders through The School of Practical Fundraising.™
- Bolder fundraising communications (w/Bidlack Creative Group).
- Successful fundraising events and sponsorships (w/Christine Gavin and Company)

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IN 2019.**

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**If not, consider working with us to adjust your fundraising program and supporting communications for continued success. To learn more, contact Mike Montgomery at (248) 224-7330.**

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## ABOUT THE AUTHOR

Michael J. Montgomery is the author of this study and a Principal in Montgomery Consulting of Huntington Woods, Michigan. He consults on fundraising and management issues with a wide range of nonprofits and teaches in the Department of Health and Human Services at the University of Michigan-Dearborn. His comments on fundraising and related issues have appeared in media outlets, including: Chronicle of



Philanthropy, NPR, Forbes, FastCompany, Chicago Tribune, Consumer Reports, Money, US News and World Report, The Independent (UK), Detroit Free Press, Detroit News, MiBiz, and Crain's Detroit Business.

**Montgomery Consulting**

Fundraising Consulting  
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Montgomery Consulting, Inc. was established in 1989. The firm provides fundraising and community/economic development consulting services to organizations and communities across Michigan. In recent years, Montgomery Consulting has helped plan and/or implement more than \$1 billion in fundraising activity, including some of this region's largest and most complex campaigns.