

2022 Michigan Fundraising Climate Survey

Montgomery Consulting, Inc.

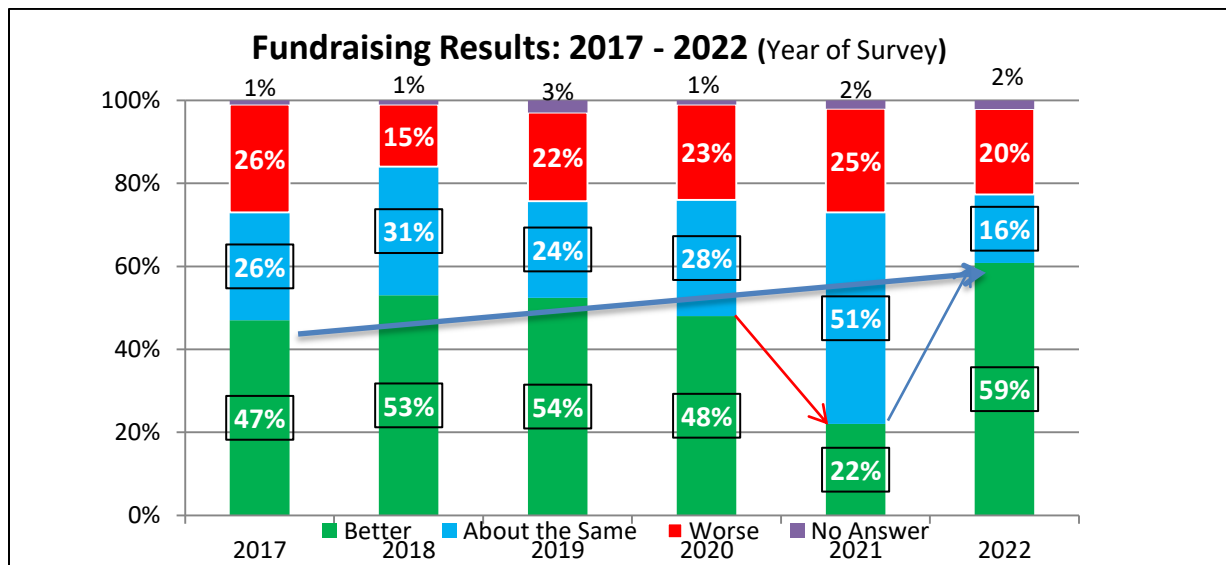
June 8, 2022

This is the 10th edition of the *Michigan Fundraising Climate Survey* from Montgomery Consulting, Inc. The *Survey* uses responses from leaders at a broadly representative sample of Michigan nonprofit organizations to estimate conditions and predict attitudes across Michigan’s nonprofit community as a whole. We observe the norms of professional social science and believe our results to be accurate for the comparatively broad questions we ask and issues we cover. For more information on how we do the Survey, turn to Section V - Methodology at the back of this report.

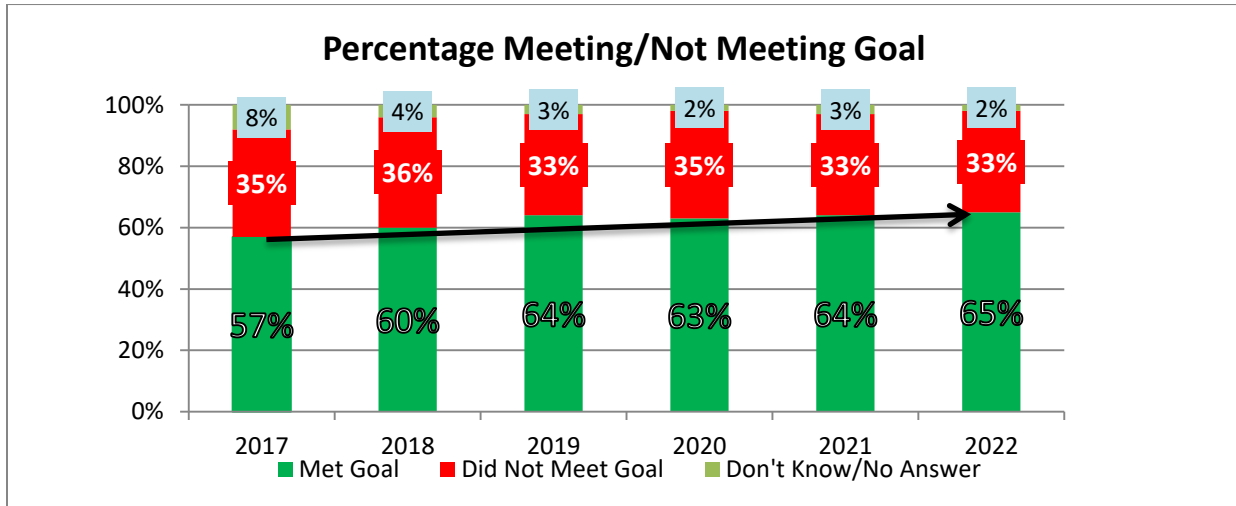
I. Fundraising Performance and Trends

#1 - A majority of this year’s respondents (59%) reported that their organizations raised more money in 2021 than they had in 2020. There was also healthy, even extraordinary, growth in the proportion of respondents reporting improved year-over-year fundraising results. On this year’s Survey, 59% reported raising more money in 2021 than they had in the immediate prior year of 2020. This compares very favorably to what respondents told us last year when just 22% reported raising more money than in the previous year (2020 vs. 2019). In fact, that jump from 22% in to 59% is the largest *positive* one-year change in the history of the *Michigan Fundraising Climate Survey*.

Looking at longer term trends (2017-2022), there had been a very gradual increase in the proportion of respondents reporting raising more money each year until the pandemic hit and led our 2021 survey to show a sharp decline (red line on the chart below). But, recovery was quick and our 2022 survey showed not only that recovery but a return to the longer term trend (heavy blue line on chart below).

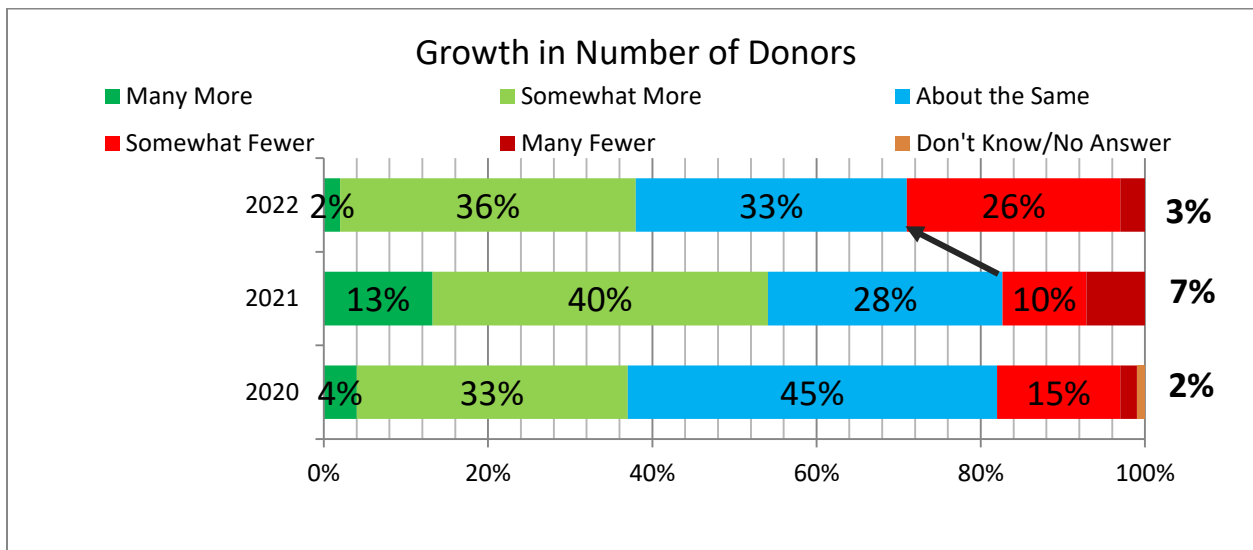


#2 - One third of our respondents still reported that their organization had not met its 2021 fundraising goal. Despite dramatic growth in the proportion of respondents reporting raising more money, about 1/3rd of respondents still indicated that their organization had not met its 2021 fundraising goal. The longer term picture, however, has been very slow growth in the proportion of organizations meeting their fundraising goals (blue line on the chart that follows).

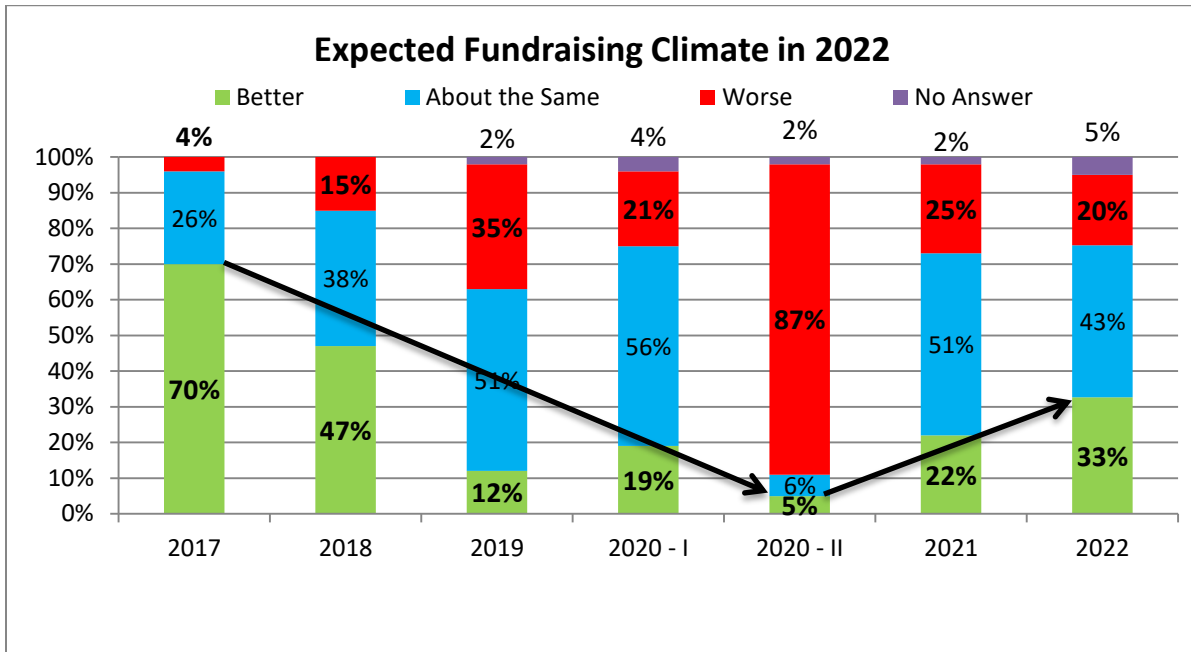


#3 - Substantially fewer respondents reported that their organizations added donors than on last year's Survey. This is a newer question appearing for just the 3rd time but a trend might be developing. When respondents reporting "many more," "more," and "about the same" (number of donors) are combined to create a measure for those reporting their organization had "at least as many donors," a possible pattern -- of decline in the number of donors -- starts to become evident:

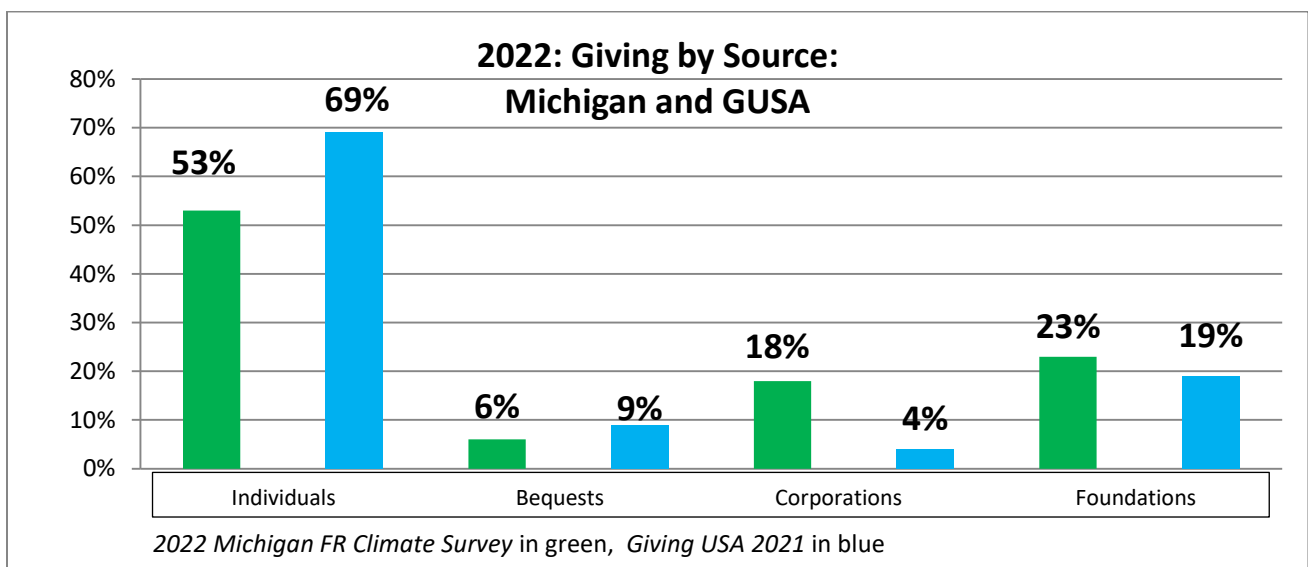
2020: **82%** 2021: **81%** 2022: **71%**



#4 - Respondents were more optimistic about the current fundraising climate this year than they were last year. This year, 33% of our panel members expected Michigan’s fundraising climate to improve in comparison to just 22% expecting improvement last year. More importantly, our respondents were MUCH more optimistic than in 2020. That year, we administered this part of our survey twice; first (2020-I), just prior to the pandemic’s onset; second (2020-II), during the April 2020 “lock down” when many respondents seemed near despair.



#6 - For Michigan nonprofits, Corporate donors continue to be more, and Individual donors less, important than implied by national averages from *Giving USA*. This has been one of the most consistent findings of all 10 editions of our survey.



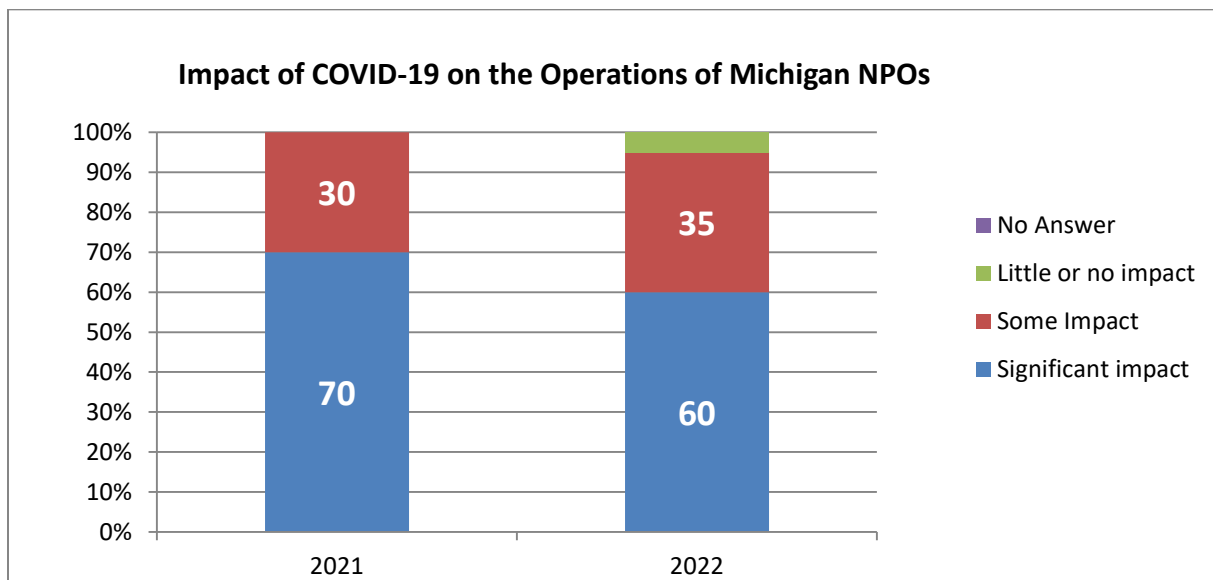
In part, differences between our figures and those from *GUSA* are the product of a regional effect; Michigan has not had a strong tradition of individual major giving but continues to be the headquarters of some of America’s largest corporate givers. Differences are also partly methodological as we do not include religious congregations in our study because they use different fundraising methods than other nonprofits. In either case, we believe our figures will be closer to the pattern of giving that Michigan nonprofit professionals are likely to see at their own organizations than the *GUSA* figures.

But, don’t become too enamored with our figures. Among Michigan nonprofits, patterns of giving vary significantly by a variety of factors - notably the purpose of the recipient organization. For example, respondents from Arts & Culture and Human Services organizations reported significantly different patterns of giving than our Michigan or “all organizations” averages (see data table below).

Organization Type	INDIVIDUALS	BEQUESTS	CORPORATIONS	FOUNDATIONS
Arts & Culture	55%	5%	13%	27%
Michigan (All Organizations)	53%	6%	18%	23%
Human Services	45%	2%	17%	36%

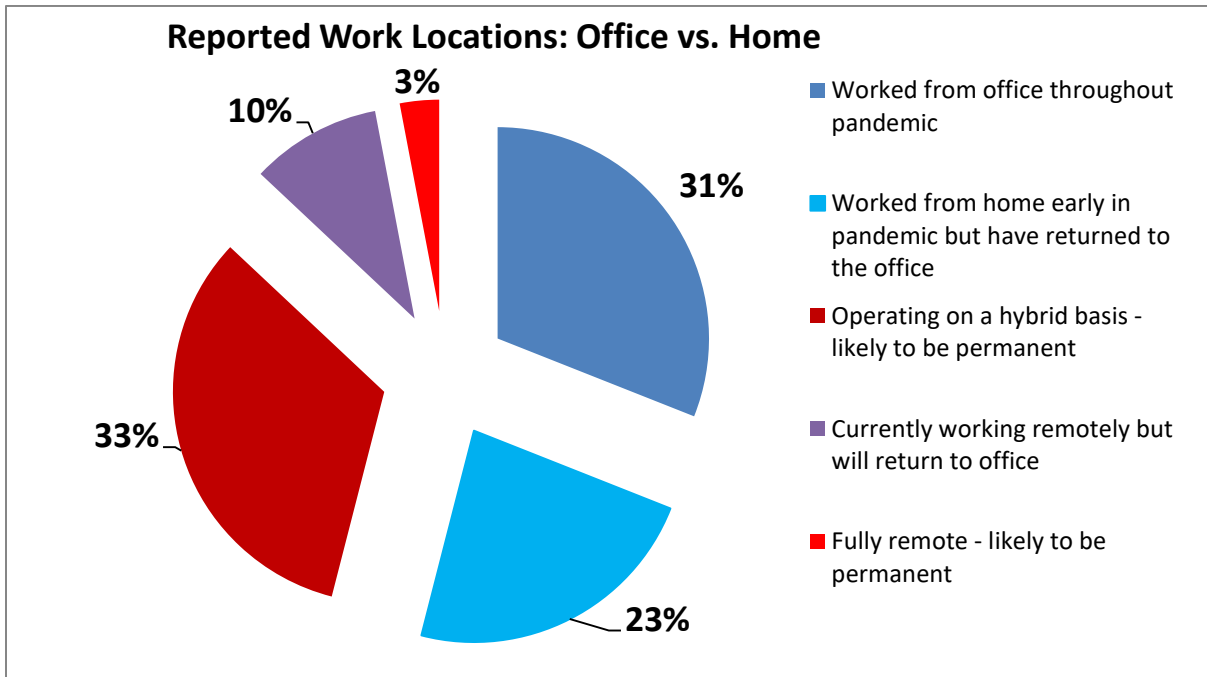
II. COVID-19’s Impact on Agency Operations

#7 - The majority of respondents (60%) still consider the pandemic to have “Significant” impact on how their agency does its work. That is, however, down a little from our 2021 Survey when 70% expressed that view. This year, the proportion of respondents reporting the Pandemic as having only “Some” impact on how their agency does its work grew to 35%. At the same time, 5% now indicate they believe the pandemic to have “Little or no effect” on their agency’s operations.



#8 - A majority of respondents (54%, see blue slices on chart that follows) reported that their organizations are now working from the office. That figure includes 23% who reported their organizations were fully or partially remote early in the pandemic but had returned to the office and 31% where, because of the nature of its work, their organization had operated in-person throughout the pandemic. (For this question, “Office” was defined as any employer-designated worksite other than the employee’s home).

More than 1/3rd of Michigan nonprofits (36%, see red slices on the chart below), however, may never have all their employees back in the office on a full-time basis. That includes 33% where respondents expect that a Hybrid model of staffing (in which some or all employees split their time between working from home and working from the office) will be permanent and 3% who expect that a fully-remote model for staffing will be permanent. The remaining 10% of respondents (purple slice) reported that their organizations are currently working remotely but expect to return to the office at some point.



III. Special Report: Fundraising Events and Charity Auctions

Fundraising Events are likely to be different in a post-pandemic world but not as different as we once suspected. Responses from our 2022 panel of Michigan nonprofit leaders indicate that:

- Most organizations that held Fundraising Events during 2020 and 2021 did so pragmatically with some events held outside while others were held online.
- In 2022 and beyond, Michigan nonprofits are generally planning to move back to traditional in-person events although some will continue to hold “hybrid” events (partly online, partly in-person).

- When planned in-person and hybrid fundraising events are considered together, it is possible that there may be a few more fundraising events in the future than there were pre-pandemic.
- Finally, the “hybrid” charity auction (conducted partly online and party in-person) is here to stay.

FUNDRAISING EVENTS

#9 - A significant majority (85%) of our 2022 respondents said their organization routinely held one or more fundraising events each year prior to the COVID-19 pandemic while 15% said their organizations did not regularly hold fundraising events.

#10 – 68% of our respondents reported that their organizations still held one or more fundraising events during the pandemic in 2020 and/or 2021.

- 25% reported holding events out-of-doors
- 43% said they held their 2020 and/or 2021 fundraising events largely if not entirely online.

#11 - 90% of our 2022 respondents said their organizations were planned to hold fundraising events in 2022 and beyond. This is a slight increase from the 85% that reported holding fundraising events pre-pandemic.

- 66% of our respondents said their organizations planned to hold fundraising event on a fully in-person basis
- 24% said their organizations planned to hold hybrid fundraising events in which some attendees and/or activities would be in-person while others were online.
- The remaining 10% of respondents indicated that their organizations had not yet made a decision on whether to hold fundraising events in 2022 and beyond.

CHARITY AUCTIONS

When asked if charity auctions (both auctions that are fundraising events in their own right and those that are incorporated into another event) were among the fundraising tools employed by their organizations prior to the pandemic, 57% of respondents said their organizations were not routinely including charity auctions in their agency's fundraising program. The story here, however, is the marked differences between *how* agencies conducted charity auctions in the past versus how they plan to conduct them in 2022 and beyond.

Use of Charity Auctions	Pre-Pandemic	2022 and Beyond
No Auctions used/planned	57.38%	51.72%
In-person auctions only	34.43%	20.69
Online only auction(s)	1.64%	0%
Hybrid auctions	6.56%	24.14%

#12 – 34% of our respondents reported that their organizations had conducted *in-person* charity auctions prior to the pandemic while only 21% reported their organizations planned to conduct fully in-person auctions in 2022 and beyond.

#13 - Only 7% of respondents reported that their organizations had held hybrid charity auctions prior to the pandemic while 24.14% of our respondents said their organizations would conduct their future charity auctions on a hybrid basis.

IV. Starting a *Michigan* Dialog About Diversity, Equity, and Inclusion

Because of growing interest in the topic, we added a question group to this year’s survey about one of the many aspects of DEI. In response to a growing body of research suggesting that organizations led by, or predominantly serving BIPOC communities, are at a fundraising *Disadvantage* we decided to put the question to our 2022 panel.

Because of the sensitivity of DEI issues, a larger proportion than typical did not answer all or parts of these questions. In consequence, we are less confident in our results for this area of the survey where, to be honest, our questions may also not have worked as well as we had hoped. Still, our results seemed worth reporting as a first step toward better understanding DEI issues and questions as they affect fundraising and philanthropy in Michigan.

	Do people from BIPOC communities serve in your organization’s senior leadership (C-level or equivalent)?	Does your organization predominantly (50% or more) serve people from BIPOC communities?
Yes	38%	29%
No	54%	71%
Don’t Know	2%	0%
Prefer not to answer	6%	0%

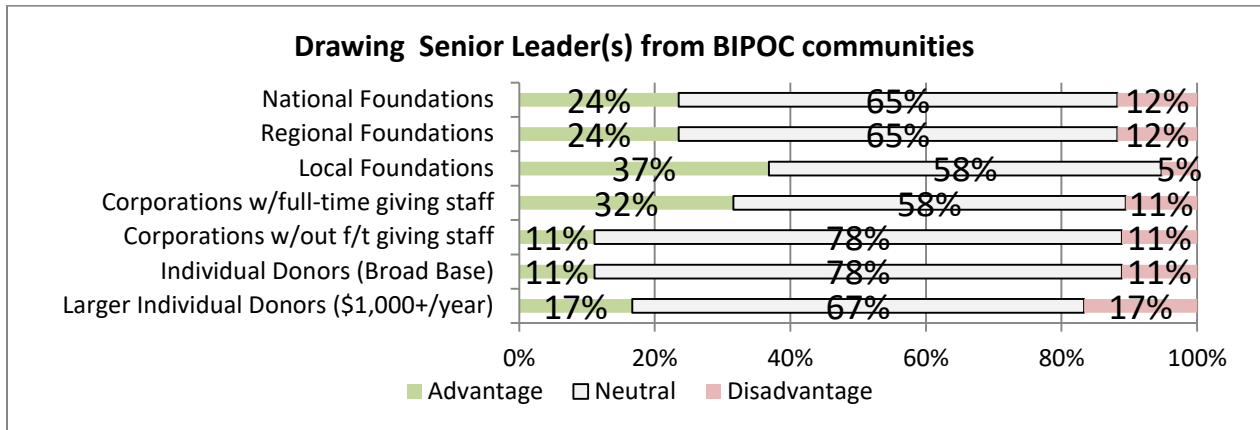
Only respondents responding “Yes’ to the screener questions above were invited to also take the corresponding questions discussed at #14 and #15 below. The result was fewer, but presumably better informed, respondents. The full panel, however, was invited to participate in the question discussed at #16.

To make it a little easier to see what those who expressed an opinion thought, data from respondents who chose “Don’t know” or “Prefer not to answer” on the DEI questions was not included in the charts that follow.

On the bar charts that follow, the proportion of respondents believing that drawing senior leaders or 50% + of clientele from BIPOC communities is likely to be an Advantage in fundraising is represented by Green, those believing it likely be a fundraising Disadvantage are represented by Rose, and those believing it likely to be Neutral are represented by Grey.

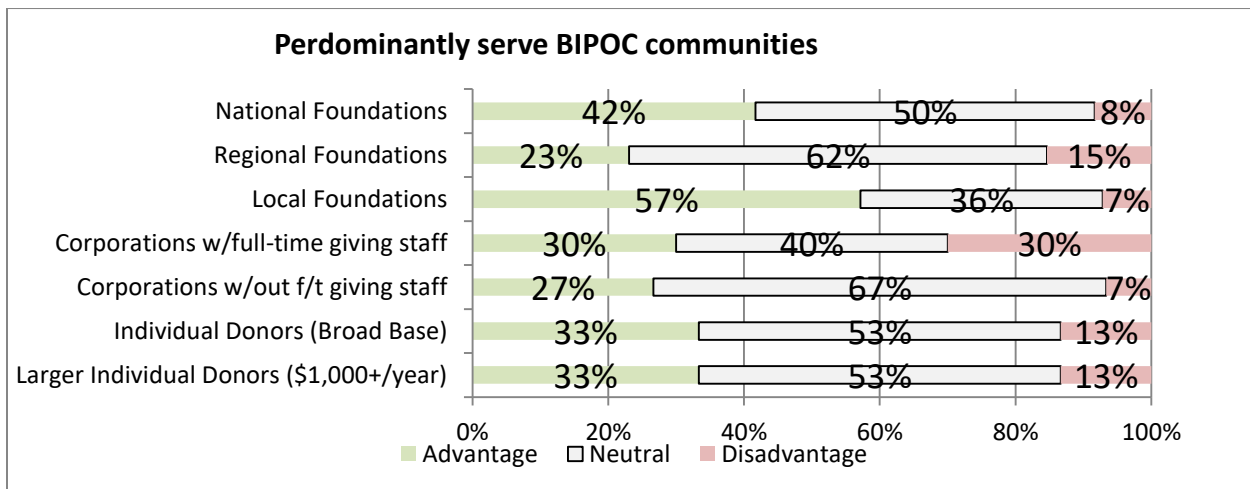
#14 – Substantial pluralities (58%+) of respondents considered having senior leaders from BIPOC communities to be Neutral in its effect on their own organizations’ ability to fundraise.

A noticeable proportion (24% to 37%) of respondents, however, thought that having senior leaders from BIPOC communities might be an Advantage in fundraising from Businesses and Corporations that had professionalized their giving program as well from Foundations. Only 17% or less of respondents thought having senior leaders from BIPOC communities might be a fundraising Disadvantage in any of the donor groups. But, for three donor groups embracing Individual donors and Corporations w/out full-time giving staff, respondents split evenly.



#15 – Respondents were much more likely to see predominantly serving BIPOC communities as a fundraising Advantage rather than a Disadvantage.

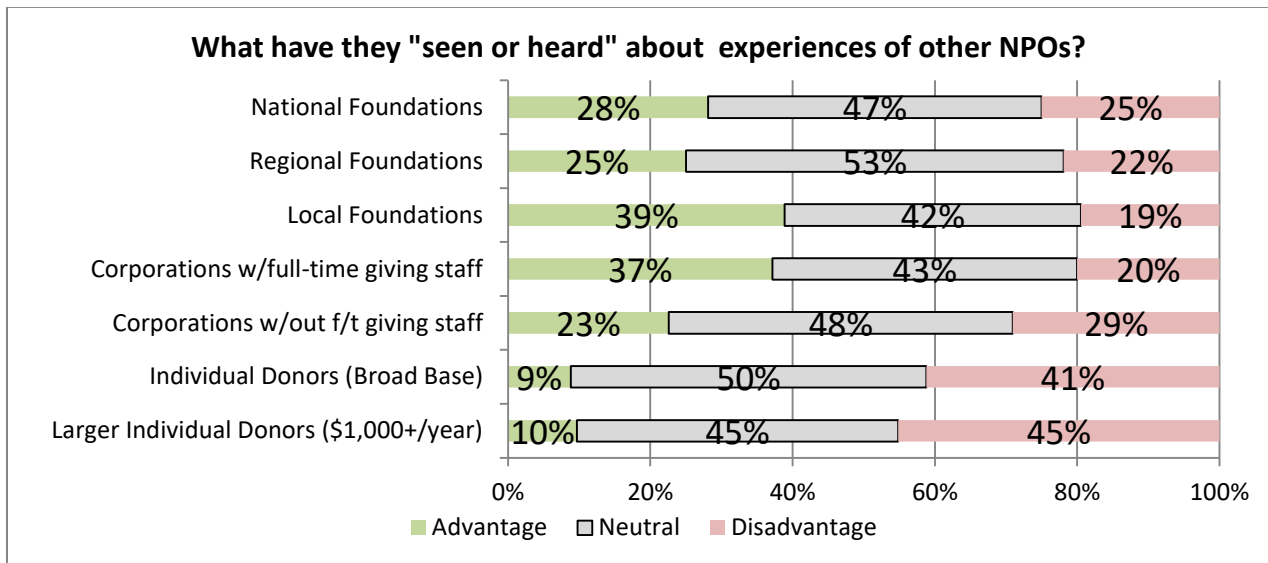
“Neutral” still got a plurality except for Local Foundations for which more respondents saw predominantly serving BIPOC communities as a fundraising Advantage. Surprisingly, respondents split evenly as to whether predominantly serving BIPOC communities was likely to give an organization an Advantage or Disadvantage in seeking funds from Corporations that had professionalized their giving.



The full panel was invited to take the question that is discussed at #16 below

#16 – Respondents were more downbeat when asked to use what they have “seen and heard” about the experiences of other organizations to consider whether BIPOC-led or serving groups are likely to be at an Advantage or Disadvantage when fundraising.

“Neutral” remained the most popular response but respondents thought drawing leaders or clientele from BIPOC communities more likely to be a Disadvantage than Advantage with both types of Individual donors as well as with Businesses & Corporations that had not professionalized their giving programs. But, more saw having leaders or a majority of clientele from BIPOC communities as a fundraising Advantage rather than Disadvantage with the four remaining types of institutional givers.



Where does this leave us?

If our world had always been equitable, I suppose we would be hoping to see very large majorities choosing Neutral for all three questions and in every donor group. But, as we know, our world is not equitable now and especially not over our long history. In consequence, I am personally unconcerned about responses that suggest strong ties into BIPOC communities might be an Advantage in fundraising but *very* concerned by those that suggest it might ever be a Disadvantage.

On the two questions where respondents drew on their own organization’s experience, results seem to suggest that Michigan organizations serving BIPOC communities, or where people from BIPOC communities play senior leadership roles, may not be at an especially grave Disadvantage in fundraising – *at least not where giving has been professionalized*. We hope this is true, and it may indeed be true given that Michigan’s professional philanthropic and nonprofit communities seem to have been sensitized to DEI concerns earlier than in some other parts of the US.

There is, however, reason for concern. When asked what they had “seen or heard” about the experiences of other organizations, the proportions of respondents believing that predominantly

serving, or drawing senior leaders from, BIPOC communities might be a fundraising Disadvantage rose sharply. For three types of donors, more respondents believed organizations with senior leaders or 50%+ of their clientele from BIPOC communities were likely to be at a Disadvantage than at an Advantage. Those groups were:

- Larger Individual Donors (10% Advantage, 45% Disadvantage)
- Individual Donors (Broad Base) (9% Advantage, 41% Disadvantage)
- Businesses and Corporations without f/t giving staff (23% Advantage, 29% Disadvantage)

For national and regional foundations, respondents split almost evenly:

- National Foundations (28% Advantage, 25% Disadvantage)
- Regional Foundations (25% Advantage, 22% Disadvantage)

Only for Local Foundations did significantly more members of our 2022 panel believe that drawing senior leaders or a majority of clientele from BIPOC communities was likely to give an organization a fundraising Advantage (39%) rather than a Disadvantage (19%).

Some final preliminary thoughts:

When #14-16 are considered together, our 2022 panel were more likely to view *professionalized* philanthropies (Corporations with full-time giving staff and all three types of Foundations) as even-handed or positively inclined toward organizations with strong connections into BIPOC communities than Individual donors at either level. Because Individual donors are the largest single source of American philanthropy this raises obvious equity concerns. Those concerns, however, become even greater when the enormous challenges of reaching, educating, and sensitizing Individual donors to DEI in philanthropy are considered given that they have not assembled themselves into organizations or networks analogous to those in the professional giving community.

Methodology:

Begun in 2012, the Michigan Fundraising Climate Survey has been conducted every year since with the exception of 2015. To conduct this survey, we built (and periodically update) a sample frame of Michigan NPOs of the types most likely to be actively fundraising. We removed religious congregations and parish-level schools from the sample frame because they generally use different fundraising tools and techniques than secular nonprofits.

Using our sample frame, we annually build a stratified sample with 16 strata representing the various Purposes, Sizes, and Locations of Michigan nonprofit organizations to assure that we include a representative group of Michigan nonprofits in our study. We invite one person at each organization to participate and keep sending reminders until we have a goodly number of responses both in total and from each stratum. In 2022, we sent 554 invites and received 64 responses for an 11.5% response rate which is a little lower than usual but still respectable for an online sample survey.

With a respectable response rate of 11.5% and with our 16 strata decently full, we believe our 2022 results to be reliable and findings useful for the specific questions asked and issues covered in our report.

About the Author and Firm:

Michael Montgomery is the author of this study and the Principal Consultant of Montgomery Consulting, Inc. A political scientist by training and a former-US diplomat specializing in economic and commercial affairs, he also teaches in the Department of Health and Human Services at the University of Michigan-Dearborn and previously taught in MPA programs at Eastern Michigan University and Oakland University, and, earlier, the MBA program at Lawrence Technological University.

Since 1989, Montgomery Consulting has worked with non-profit organizations on fundraising, strategy, project development, and economic analysis. The firm has advised on over \$1 billion in nonprofit fundraising and project activity, including some of this region's largest and most complex efforts.

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