**2023 Michigan Fundraising Climate Survey**

Montgomery Consulting, Inc.

Spring 2023

This is the 11th edition of the *Michigan Fundraising Climate Survey* from Montgomery Consulting, Inc. This year’s *Survey* uses 63 valid responses from leaders at a stratified 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 so believe our results to be accurate for the specific questions we ask and issues we cover. For more information on our process, see Section V.

**The Takeaway:**

*This year’s respondents were noticeably less upbeat than our 2022 panel. That suggests real inflation and possible recession may be starting to take a toll on both fundraising results and how nonprofit leaders rate Michigan’s current climate for fundraising.*

1. **Fundraising Performance and Trends**

**#1 – Fewer organizations reported raising more money.** Last year, a record high 59% of our respondents reported “Much Better” or “Somewhat Better” year-over-year fundraising results. This year, that dropped to 44% but is consistent with the longer term trend of roughly 70% our respondents raising at least as much money in the year just concluded as they did year before (see the bold horizontal line on the chart below). Interestingly, just 27% of metro Detroit respondents reported raising more money with 23% raising about the “about the same” amount of money and 41% reporting worse or much worse fundraising results.

**#2 – Fewer reported having met their fundraising goal.** This year, 56% of our respondents reported that their organization had met its 2022 fundraising goal while 42% reported that their organization had not made goal.This is the highest proportion of respondents reporting not making goal in all 11 surveys of this series. About 1/3rd of our respondents typically report having missed their fundraising goal in any given year. To see that jump to 42% statewide is significant and to 59% for metro Detroit respondents is alarming.

**Proportion Meeting/Not Meeting Prior Year Goal, 2017-2023** (Year of Survey)

**#3 - Fewer reported having added donors**. Between our 2022 and 2023 surveys, the proportion of organizations adding donors fell from 38% to 32% while the proportion reporting “about the same number of donors” rose from 33% to 47%.

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| Organizations reporting having gained donors | 2023 Survey: **32%**, 2022 Survey: 38% |
| Reporting about the same number of Donors:  | 2023 Survey: **47%**, 2022 Survey: 33% |
| Organizations with at least as many donors as year before: | 2023 Survey: **79%**, 2022 Survey: 71% |
|  |  |

**#4 - Respondents were a little less optimistic about Michigan’s current fundraising climate**. This year, 28% of our panel members expected Michigan’s fundraising climate to improve down from 33% expecting improvement last year suggesting a lower level of optimism, or growing nervousness, about what the future may hold. Our respondents, however, remain MUCH more optimistic than they were in 2020 when we administered this part of our survey twice -- just prior to the pandemic’s onset (2020-I) and during the April-May 2020 “lock down” (2020-II) when 87% of told us they expected that year’s climate for successful fundraising to get worse.

Starting with our 2021 survey, stability appears to have re-emerged for this measure with a little more than 70% of our respondents (2021: 73%; 2022: 76%; 2023: 72%) expecting Michigan’s climate for successful fundraising to either stay the same or improve. It is important to note, however, that our respondents remain much less optimistic about the conditions for successful fundraising than they were back in 2017 and 2018.

**#5 - Corporate Donors continue to be *more*, and Individual Donors *less*, important to secular Michigan nonprofits than implied by national averages coming from *Giving USA* --** this has been the single most consistent finding in all 11 editions of the *Michigan Fundraising Climate Survey*.

Differences between our figures and those from *GUSA* are partly a regional effect; Michigan has not had a strong tradition of major individual giving but remains the headquarters of some of America’s largest corporate givers. Differences between our figures and the ones from *GUSA* are also partly methodological; we do not include religious congregations in our study because they typically use different fundraising methods than other nonprofits.

Even among Michigan nonprofits, however, patterns of giving vary significantly by a variety of factors – including region. When separated-out, respondents from Metro Detroit and Outstate reported significantly different patterns of giving than our “All Michigan” average with the largest differences being in the areas of Individual Donors (Metro: -10, Outstate: +5) and Corporations (Metro: +6, Outstate: -4) *see data table below for details.*

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| --- | --- | --- | --- | --- |
|  | INDIVIDUAL DONORS | BEQUESTS | CORPORATIONS | FOUNDATIONS |
| Metro Detroit | 43% | 5% | 28% | 23% |
| ***All Michigan*** | ***53%*** | ***5%*** | ***22%*** | ***21%*** |
| Outstate | 58% | 4% | 18% | 19% |

1. **COVID-19’s Impact on Michigan Nonprofits**

**#6 – The “hybrid” office is here stay.** On the chart below, there is little visible difference between statewide results for 2022 and 2023. Differences between 2023 statewide and metro Detroit figures, however, are profound for use of the hybrid office (purple area on the chart below) with 60% of our metro Detroit respondents reporting that their organizations have gone – probably permanently - hybrid versus 38% operating hybrid statewide.

**#7 – At the same time, the proportion of respondents reporting the pandemic to have “significant” impact on how their agency does its work fell sharply.** On the 2022 survey, 60% of respondents reported that the pandemic had significant impact on how their organization did its work which fell to 23% on the 2023 survey while the proportion reporting that the pandemic has ”Little or No Impact” rose from 5% to 40%. These are the two most dramatic year-over-year changes found by the 2023 survey.

1. **Facility needs of Michigan Nonprofits**

Because we found so many nonprofit organizations operating on a hybrid basis in 2022, we added three questions exploring how that might – or might not – change the facility needs of Michigan nonprofits to our 2023 survey.

**#9 – Facilities and Sites – Statewide, 74% of our respondents said that the Pandemic and/or Work from Home had no impact on the number of facilities or sites through which they delivered services,** 3% indicated that they had actually increased the number of sites at which they deliver services, while just 13% indicated they had reduced the number of facilities or sites where they deliver services.

 **#10 – Space Utilization – When asked, 66% of respondents said their organizations currently occupied “about the right amount” of space to do its work** and 23% said they needed more space, while a total of just 4 organizations said that they currently occupied more space than needed.

**#11 – Excess Space** – The 4 respondents saying that their agencies occupied more space than currently needed to do their work were asked if they were considering selling, leasing, or subleasing some of their excess space. Of those of 4 nonprofits, 1 is actively seeking compatible nonprofit tenant(s) and a second would also do so if it were practical to subdivide their facility.

These three questions yielded some of this year’s most interesting, and surprising, data because a single nonprofit looking to market its excess space was NOT at all what we expected to see with 38% of responding organizations statewide, and 60% in metro Detroit, operating on a hybrid basis.

1. **Methodology:**

The *Michigan Fundraising Climate Survey* series was launched in 2012. To conduct each the survey, we built and continue to update a sample frame of Michigan NPOs of the types most likely to be actively fundraising. To assure that we obtain the views of leaders at a representative cross section Michigan nonprofit organizations the sample frame has 19 overlapping strata representing different Sizes (4), Locations (6), and Purposes (9), of Michigan nonprofit organizations.

We invite a single person at each organization to take that year’s survey and just keep sending out reminders until we have obtained an adequate number of responses both in total and from each stratum. In 2023, we sent 539 invitations to participate in the survey and ultimately obtained 63 valid responses for a 12% response rate.

Number of Reponses: 63 is an adequate number for our purposes. By way of comparison, Gallup and other national polls predict Presidential elections with as few as 1,500 responses.

Response Rate: Since the onset of the pandemic, Americans have been over-surveyed (order online, receive a survey, etc.) and that is driving down response rates for many surveys including this one. Twelve percent is clearly lower than the 15% that we saw in the early years of this series but is consistent with what we have seen since 2020 and, in any event, 12% remains respectable for an online sample survey.

*With a response rate of 12% and our 19 sample strata decently-full, we believe our 2023 results to be reliable for the specific question we asked and the issues we covered in this year’s report.*

1. **About the Author and Firm:**

Michael Montgomery is the author of this study and a principal in Montgomery Consulting, Inc., a metro Detroit-based Philanthropy and Economic Development consulting firm. He is a University of Michigan-trained political scientist and former-US diplomat. He teaches part-time in the Department of Health and Human Service at the University of Michigan-Dearborn and previously taught in MPA programs at Eastern Michigan University and Oakland University, and, earlier, in the MBA program at Lawrence Technological University.

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

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