



**Contact:** Sharon Bond  
 847/375-4836  
 sbond@connect2amc.com

***Giving USA: Charitable giving during recessions doesn't keep up with inflation***

Glenview, Ill. (Feb. 11, 2008)—A recent examination of charitable giving during recession years in America shows that a slowing economy definitely affects donations to non-profit organizations.

A 2001 *Giving USA* report on charitable donations found that after an economic downturn, charitable giving typically does not keep up with increases in inflation. Upon revisiting the subject in 2008, it has been found that giving slows slightly during recessions. In the five recessions since the one between 1973-1975, giving fell an average of 1.3 percent adjusted for inflation. In non-recession years from 1966 through 2006, giving has increased an inflation-adjusted average of 4.3 percent. (Both of these calculations adjust for inflation using the consumer price index and match figures reported in *Giving USA 2007*.)

In two economic slumps, in 1973 and again in 2001, donations failed to keep pace with the growth in inflation for three years straight. Giving also declined after the 1987 stock market collapse. Scholars now attribute most of the 1987 decline to pre-payment of gifts in 1986, when donors gave early to take advantage of deductions that were restricted when new tax laws took effect in 1987.

Table 1 below shows the rates of change, adjusted for inflation, for total giving, the Standard & Poor's 500 stock market index, and gross domestic product for the year preceding, years of, and the year following a recession year for the five most-recent recessions.

**Table 1**  
**Changes in Giving, Stock Market, and GDP**  
**Years of, before, and after economic recessions**

	Rates of change, adjusted for inflation*		
	Total Giving	S&P500	GDP
1972	1.0%	12.1%	6.5%
1973	-1.4%	-22.2%	5.1% Recession of 1973-1975
1974	-5.4%	-36.7%	-2.3% Recession of 1973-1975
1975	-2.7%	20.5%	0.1% Recession of 1973-1975
1976	5.5%	12.7%	5.4%
1979	0.4%	0.9%	0.3%
1980	-0.6%	10.8%	-4.1% Recession of 1980
1981	3.0%	-18.2%	1.7% Recession of 1981-1982

1982	0.7%	8.1%	-2.0% Recession of 1981-1982
1983	3.6%	13.6%	5.3%
1986	14.0%	12.5%	3.8% Tax law change prompted pre-payment in 1986
1987	-4.7%	-1.6%	2.5% Stock market and early payment issue
1988	2.9%	7.9%	3.4%
1989	6.5%	21.4%	2.5%
1990	-3.0%	-11.3%	0.4% Recession of 1990-1991
1991	0.2%	21.2%	-0.9% Recession of 1990-1991
1992	3.4%	1.4%	2.6%
2000	9.6%	-13.1%	2.5%
2001	-2.2%	-15.4%	0.3% Recession + stock market fall in Sept + disaster giving
2002	-1.4%	-24.6%	1.8%

\* Inflation-adjusted using consumer price index, 2006=100

Table 1 covers the recessions of 1973-1975; 1980; 1981-1982; 1990-1991; and 2001. These are the most-recent five recessions, according to information dated Jan. 7, 2008, and published by the National Bureau of Economic Indicators ([www.nber.com](http://www.nber.com)). The table also covers 1987, when the stock market fell more than 18 percent in a few days. That market decline, however, is not thought to be the most important factor for the drop in giving that year.

While overall giving typically slows down during a recession, not all types of recipients of charitable gifts show the same trends. Underlying shifts in the nature of charitable giving—such as increases or decreases in visible need as seen during disasters; awareness of government funding for a purpose (such as health care); or increased fundraising efforts among a large number of charities—can all have an impact larger than the impact of the overall economy.

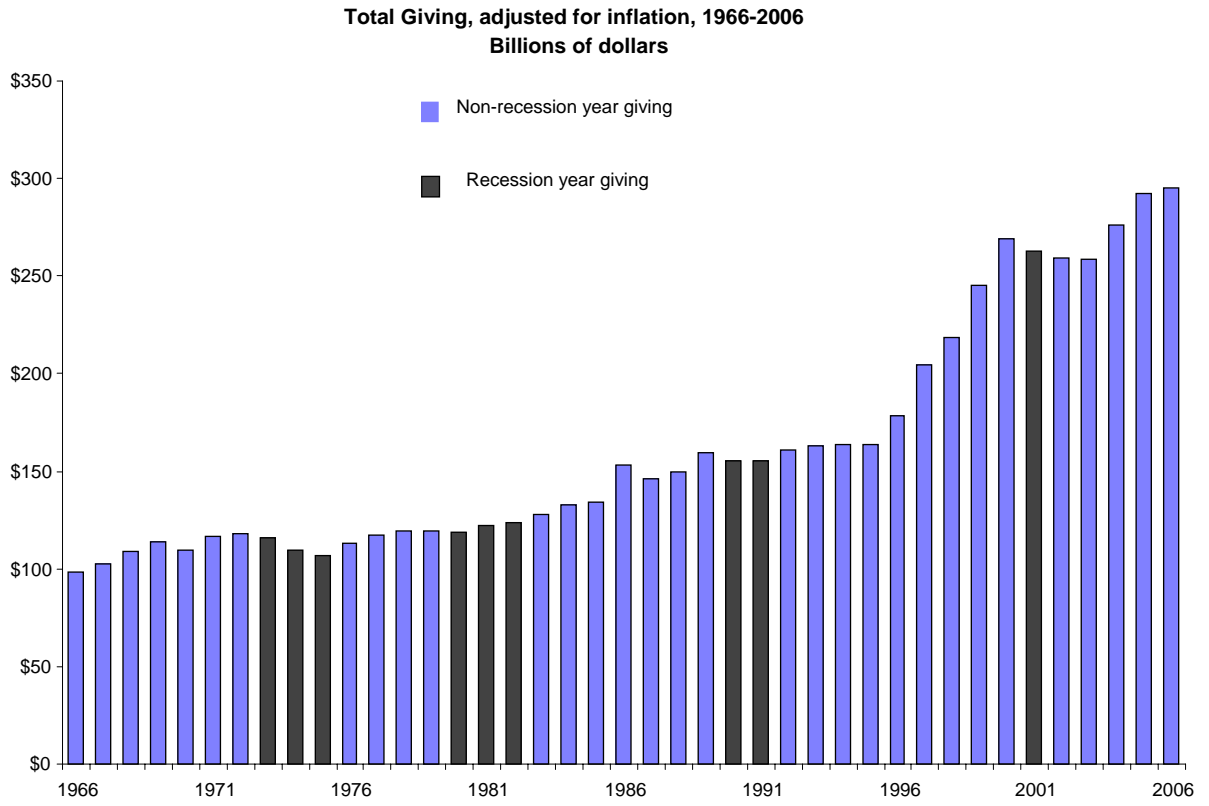
Figure 1 shows drops in giving, adjusted for inflation, in 1973 through 1975, and in 2001. Giving rose between 1980 and 1982 and stayed relatively flat in the 1990-1991 recession, after falling from the prior year (1989).

The other charts that follow show the effect of recessions on giving by sectors. The charts were prepared for Giving USA Foundation by its research partner, The Center on Philanthropy at Indiana University.

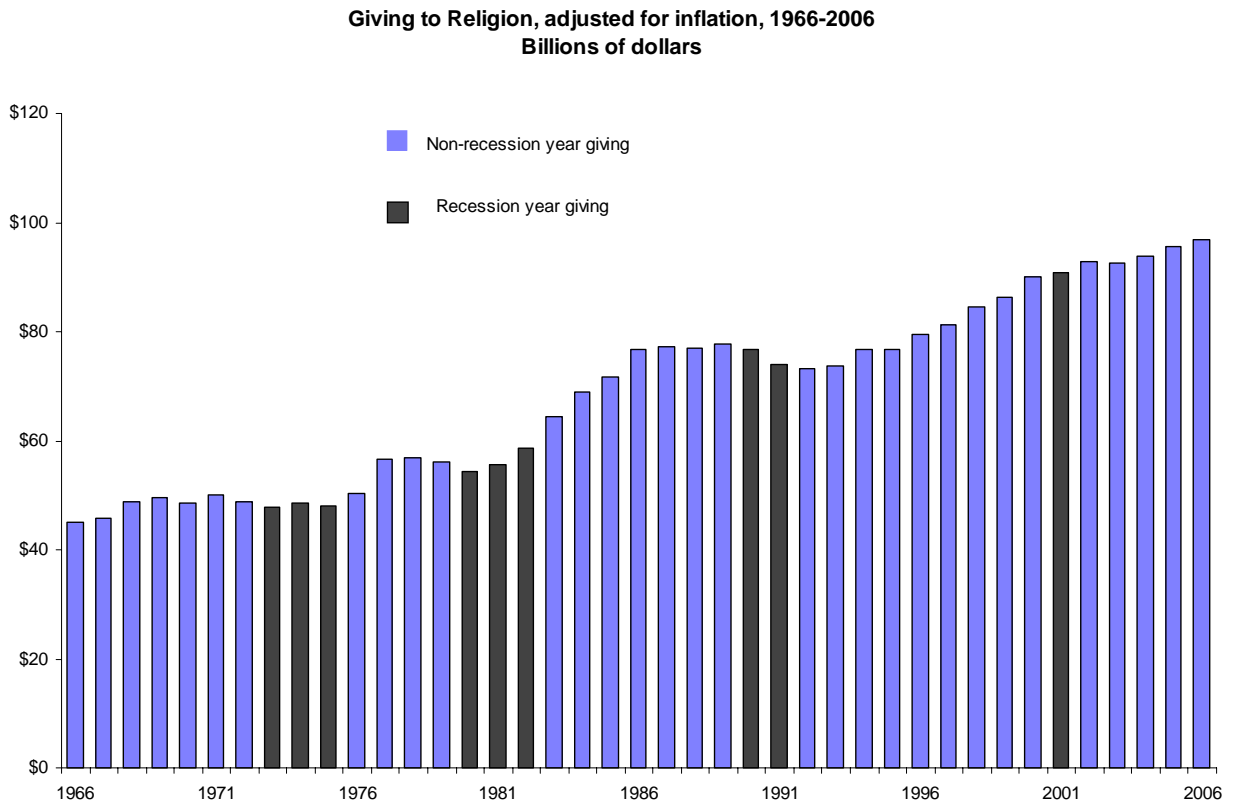
### ***About Giving USA***

*Giving USA* is a public outreach initiative of Giving USA Foundation™. The Foundation, established in 1985 by the Giving Institute: Leading Consultants to Non-Profits, endeavors to advance research and education in philanthropy. It is headquartered in Glenview, Ill. For more information, visit [www.givingusa.org](http://www.givingusa.org).

**Figure 1**



**Figure 2**

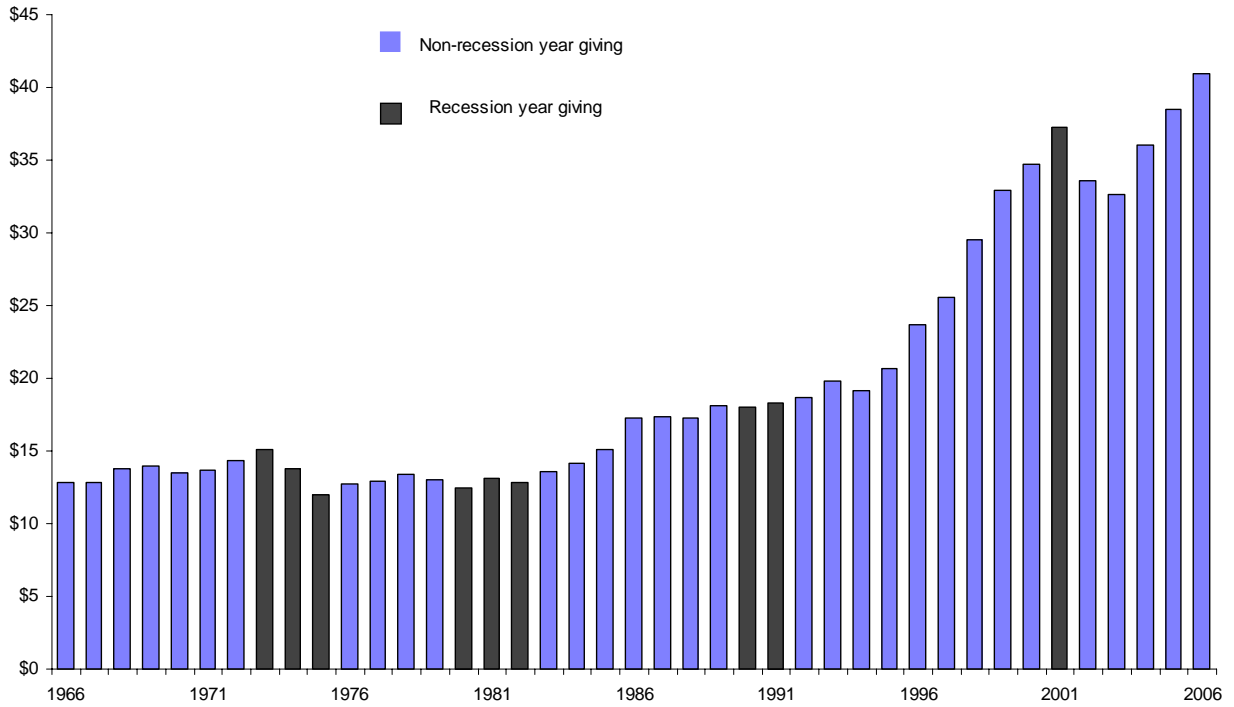


**Religion**

Giving to religion usually declines somewhat during a recession, but in general, people are not adjusting their giving to religion based on the overall economic picture of the U.S.

**Figure 3**

**Giving to Education, adjusted for inflation, 1966-2006**  
**Billions of dollars**

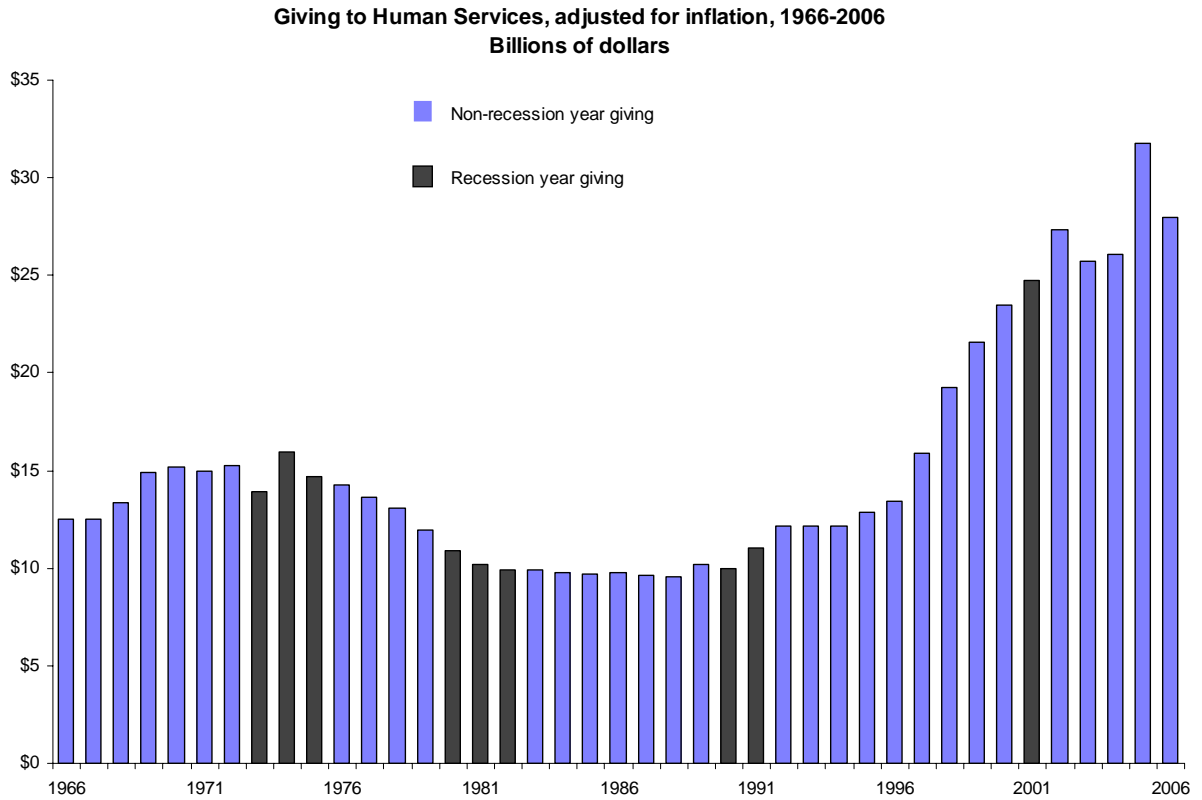


**Education**

The impact of a recession on giving to education is not as strong, nor as consistent, as overall giving. However, this subsector saw the greatest declines during the 1973-1975 recession.

The drop in giving in 2002 and 2003 is likely linked to lower stock market prices in those years (compared with 1995 through 2000), rather than to the recession of 2001.

**Figure 4**



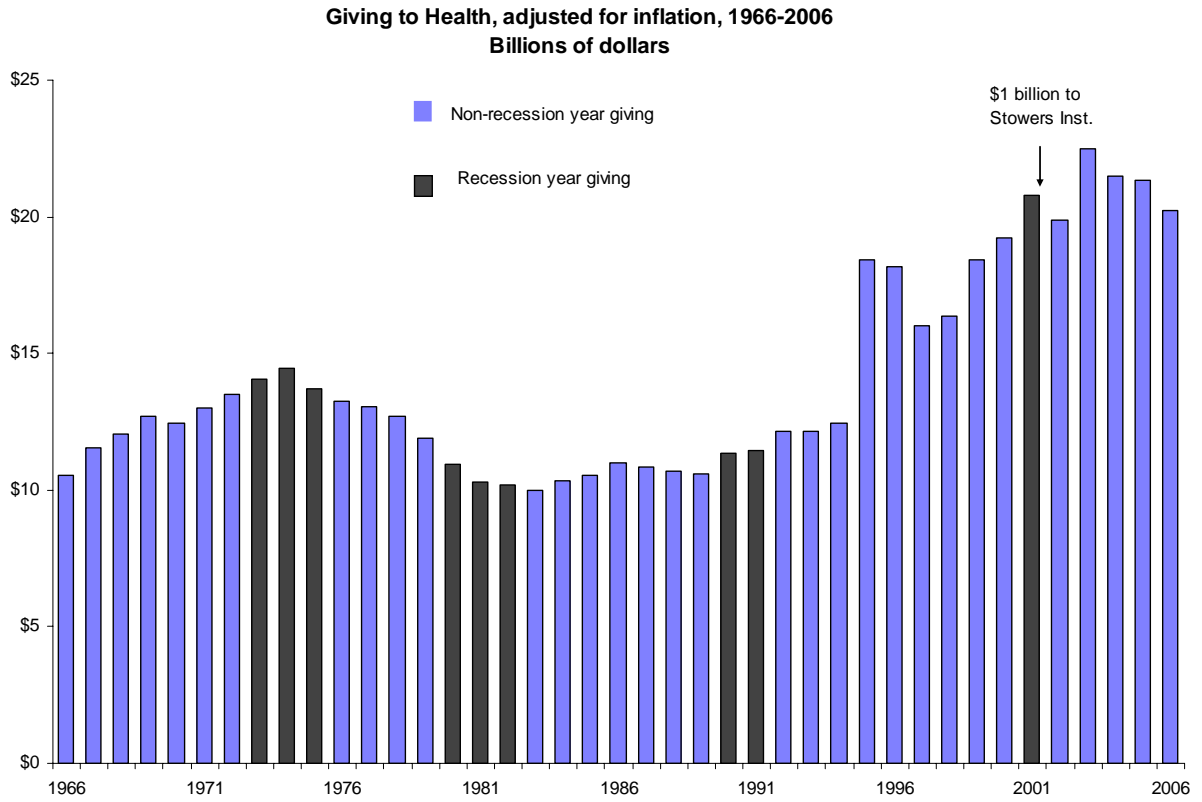
**Human Services**

Giving to human services tends to be related to more structural changes than to recessionary periods, as shown by the fact that recession years, in general, fit into the overall trend line for an era.

There was a strong trend downward in giving to human services between the years 1974-1990, perhaps linked with increasing government aid provided to people in great need.

Most recently giving to this subsector has been impacted by giving for disaster relief efforts (2001, 2002 and 2005 show upward spikes).

**Figure 5**



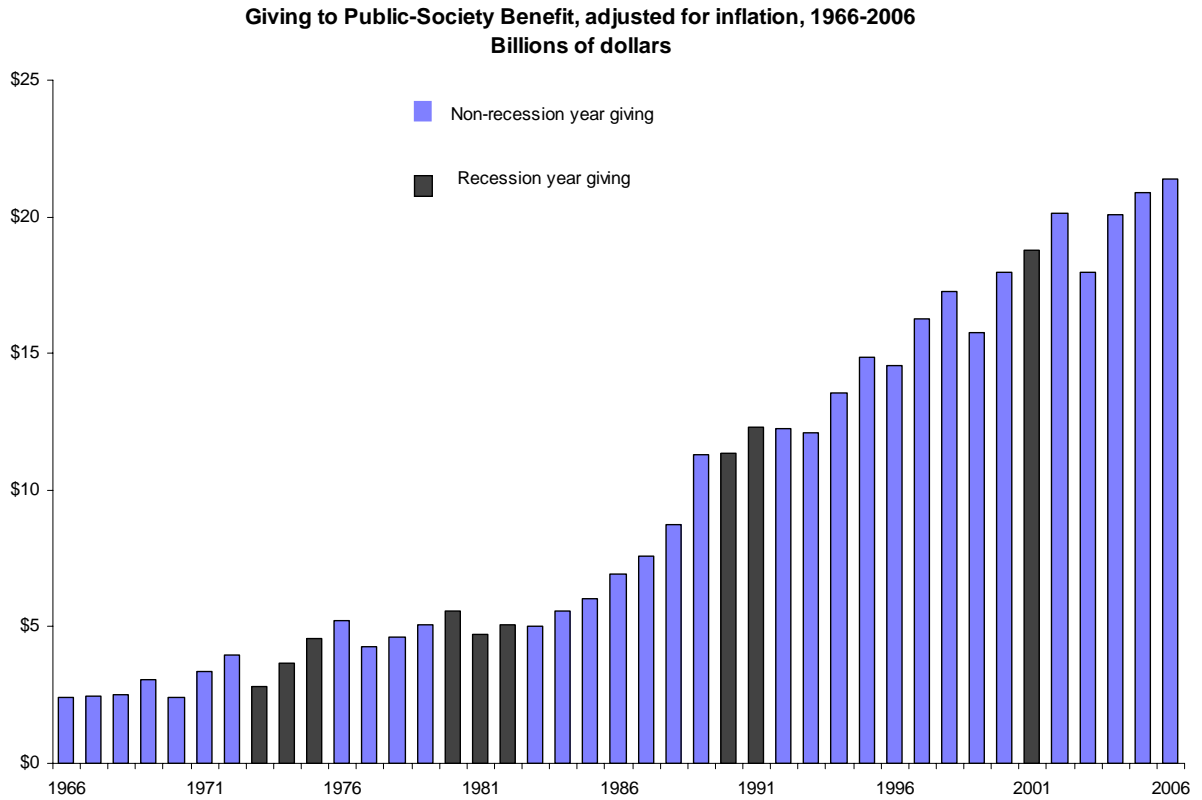
**Health**

Structural changes in giving to health seem to be much stronger than the effect of any one recession.

Between 1974 and 1989, giving to health saw a sustained trend downward in giving.

Starting in the early 1990s, giving to health began a strong trend upward.

**Figure 6**

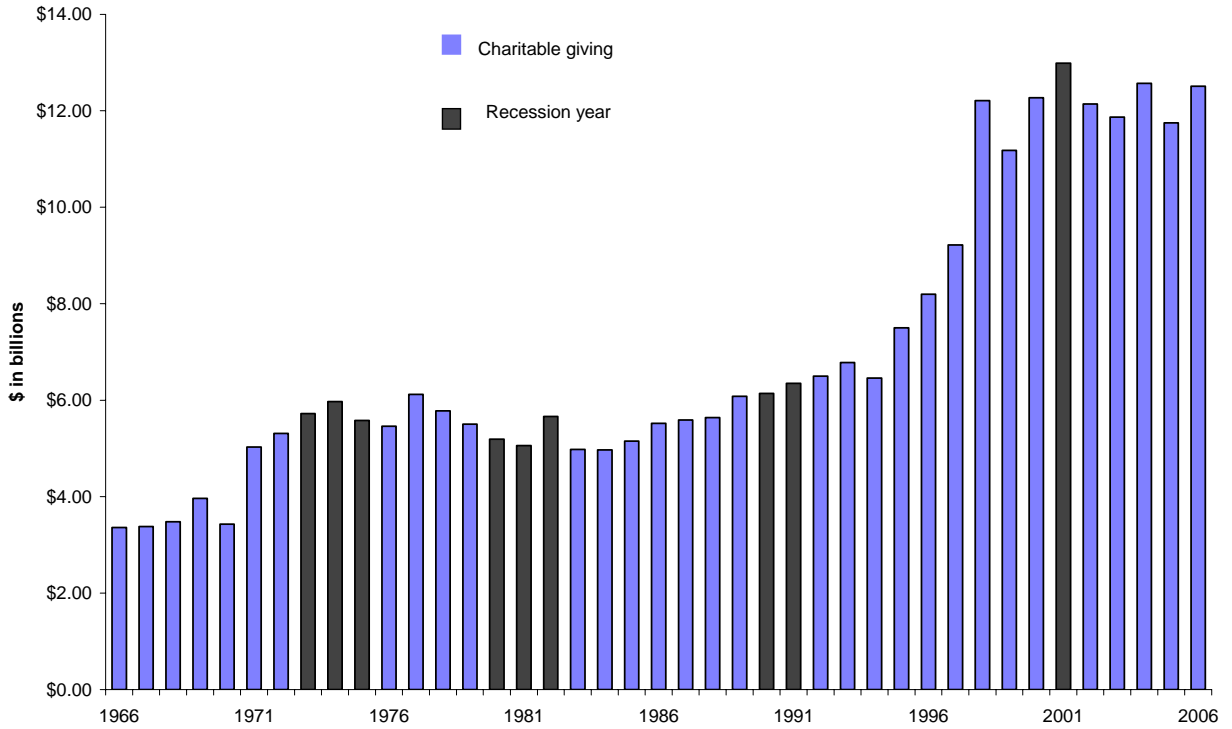


**Public-Society Benefit**

Giving to public-society benefit organizations has been on a somewhat strong growth path since the 1960s. There have been a few years of declines, but these occurred about as frequently during recessionary periods as non-recessionary periods (2 of 9-22 percent- recession years compared with 8 of 41-20 percent-non-recession years).

**Figure 7**

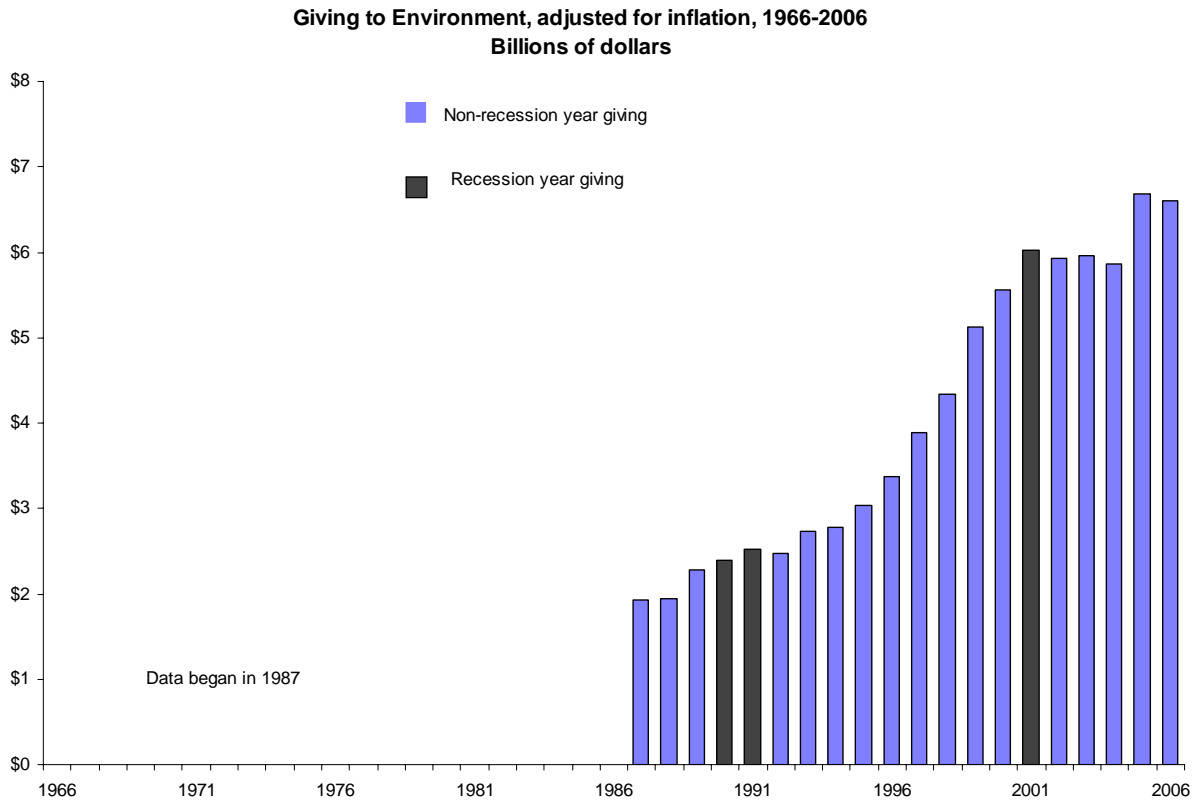
**Giving to the Arts, adjusted for inflation, 1966-2006**



**Arts, culture, and humanities**

Giving to arts, culture, and humanities organizations has increased in cycles or waves since the 1960s. Recessions do not seem to be a strong determining factor in arts giving, as inflation-adjusted donation totals to the arts increased in 4 of 9 recession years since 1973.

**Figure 8**

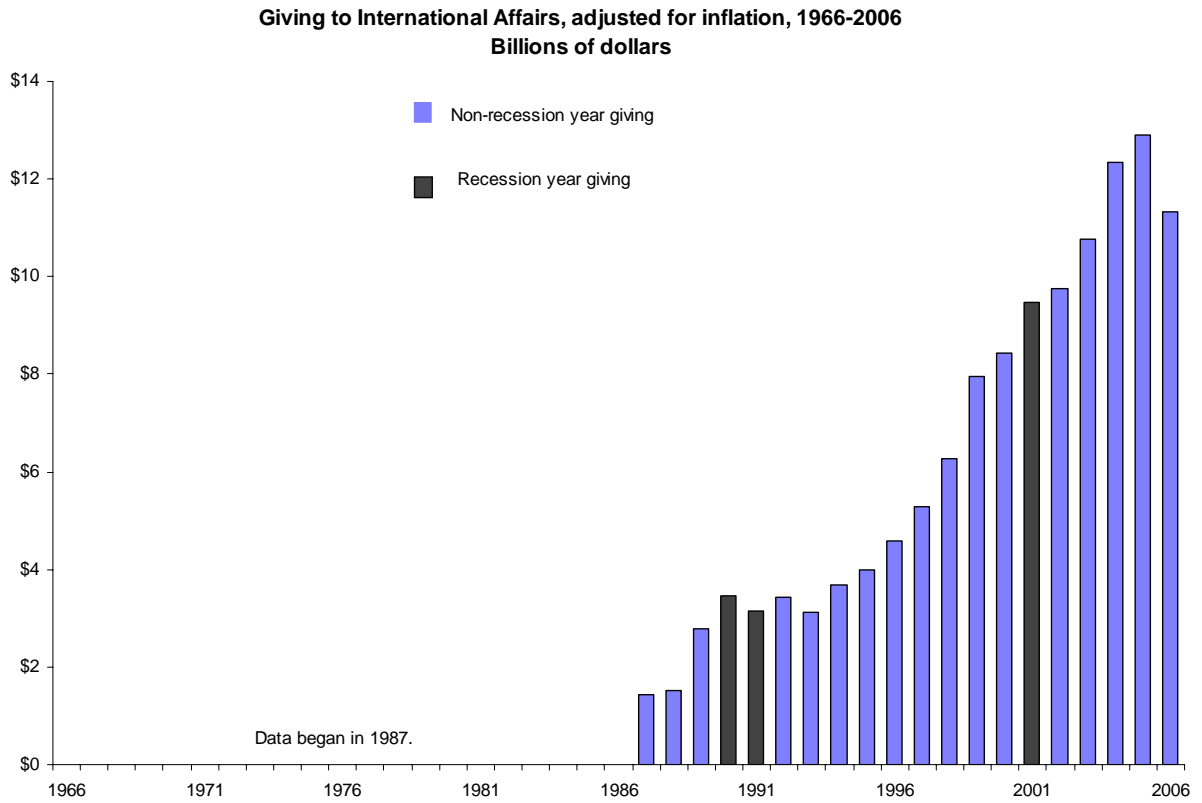


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**Environment**

Despite any recession periods, giving to the environment has seen strong growth since Giving USA began tracking it 1987.

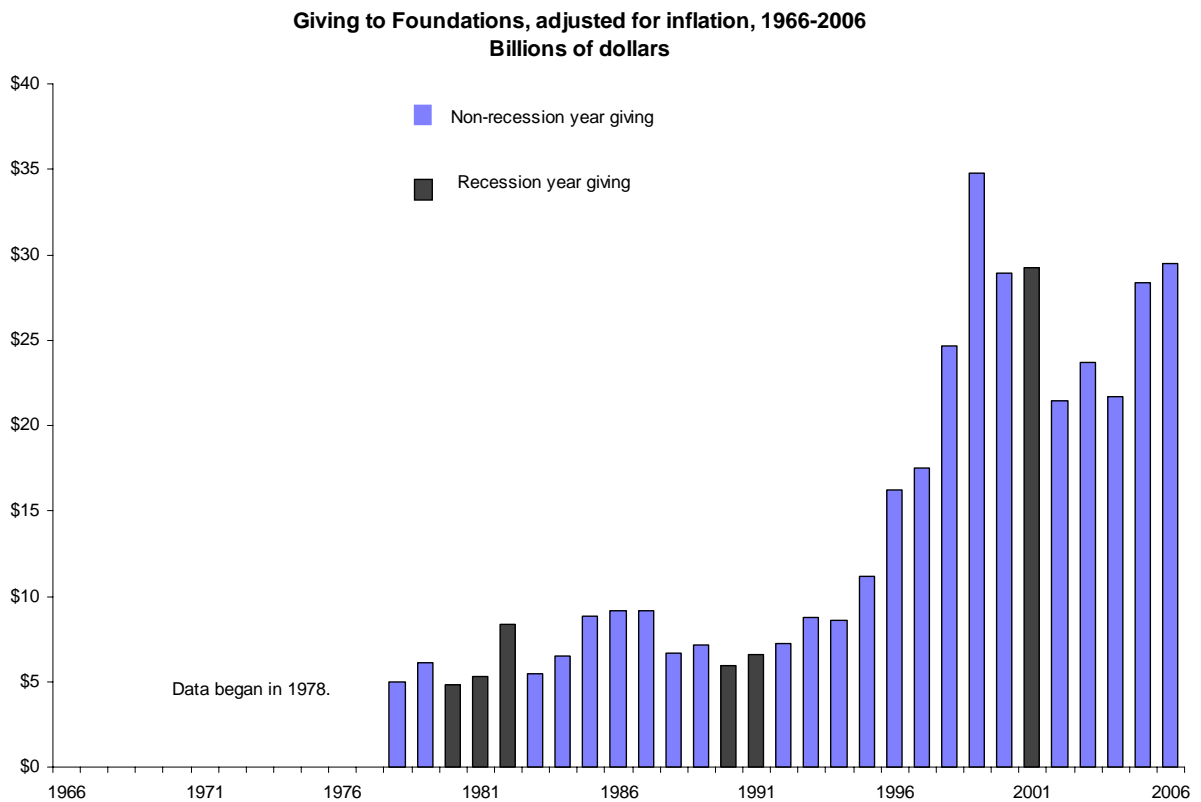
**Figure 9**



**International**

Giving to international affairs, while volatile in any given year, has seen strong growth since 1987 culminating with an artificial high in 2005 because of the Asian Tsunami and hurricane relief.

**Figure 10**



**Foundations**

Giving to foundations is more clearly linked to the stock market than other types of charities. It is not particularly linked to recessions, which are based on employment, personal income, industrial production, and sales in the manufacturing and retail sectors. While these may be reflected in stock market prices, the market responds to other stimuli, as well, and does not always trend with recessions.

Giving to foundations was relatively steady until the late 1990s, when the stock market boom drove up giving to foundations.

The most recent recession in 2001 led to a slow recovery and occurred simultaneously with stock market corrections to the “technology bubble” of the late 1990s. The stock market did not return to 2000 levels until mid-2007. Lower giving to foundations from 2002 through 2004 reflects, in part, the lower value of stocks in those years.