



*Leading Through* **COVID-19**

# CHARITABLE GIVING IN TIMES OF UNCERTAINTY

As novel coronavirus (COVID-19) spreads, our health organizations are providing the leadership, commitment to care and communication required to stem the spread of this virus. However, the impact of this situation goes well beyond the walls of health facilities. The spread and uncertainty of COVID-19 has roiled international markets, causing fears of a resulting economic recession.

## Valuable Lessons

It is important to reflect on lessons learned from past periods of uncertainty to frame our response to this current crisis. The most recent economic downturn in 2008 collapsed markets and reduced charitable giving by corporate, foundation and individual constituents. Charitable giving dropped 3.7% in 2008 and another 8.3% in

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2009—creating a \$37 billion retrenchment in total giving. By comparison, the market decreased 37% in 2008 and had a positive rebound of 26.5% in 2009.

As the S&P 500 is already being impacted in this current crisis, here are valuable takeaways from the downturn of 2008:

- Charitable giving does not decrease in direct correlation to declining markets, just as it does not fully correlate in an upmarket.
- Charitable giving is a lagging economic indicator as seen by the further reduction in 2009 giving when markets were, in fact, up.
- Donors with a history of giving for three years and longer increased their giving by 49% from 2010 to 2015.<sup>1</sup> This proves donor retention through ongoing stewardship and communication is essential regardless of the economy.

- Market and economic corrections cause donors to reassess where they focus their giving. The 2008 recession saw a dramatic shift toward human service organizations. A similar shift to supporting health causes could result from this current health crisis.

Beyond lessons learned from 2008, longitudinal tracking of total charitable giving by Giving USA shows a consistent upward trend since 1978 with significant leveling off or dipping only after 9/11 and in response to the 2008 recession. Even then, giving dropped but did not take a nosedive.<sup>2</sup>

## Moving Forward

How do we apply what past economic crises have shown us to navigate times of uncertainty? Some considerations for short- and long-term adjustments in your current development plans:

- The philanthropy office is often the linchpin of key relationships for donors and the community. Everyone is experiencing impacts from COVID-19, so express empathy, share your community response, show your commitment as a partner and extend goodwill to comfort and reassure benefactors and beyond. A well-constructed email is a means to communicate with many supporters and community members, but phone calls to your most generous donors and area leaders are recommended.
- While this is not a time to be opportunistic, it's a great time to remind donors of the impact their past giving has made. Connecting gifts to the crisis situation reassures donors their gifts matter, while also validating your hospital as a reliable community leader.
- For organizations in a current active campaign, it is essential to continue the engagement of active prospects and donors with a respectful focus on relationship building and considered solicitation.
- For organizations in a campaign holding pattern, it is an ideal time to focus attention on internal

infrastructure and readiness that will provide long-term dividends.

- For those involved in current planning studies or pre-campaign planning, reaffirm the institution's evolving priorities and focus work on case development, storytelling, pipeline development and more while waiting for the crisis management phase to ease.

It is also critical to distinguish what is very different from 2008. The last recession was due to readjustments in the financial climate—while today's economic challenges exist because of a global pandemic. As health leaders, do not forget successful philanthropy is about urgency and case—and hospitals are at the epicenter of providing solutions in this current crisis. Therefore, now is not a time to stop asking. Rather, it is likely a time to pivot by inviting donors to support current needs and to create capacity. Simply, the need for charitable giving to hospitals not only continues but is heightened in the current environment.

## In Conclusion

While the impact of COVID-19 on the market and on the economy is unclear at this time, we do know charitable giving continues during uncertain times. Faced with this public health issue, your organization's response to and respectful handling of communication and engagement with donors and the overall community can greatly impact your philanthropy program for years to come.

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<sup>1</sup> Charitable Giving Report, Blackbaud <https://www.blackbaud.com/newsroom/news-archives/2015/02/03/blackbaud-s-charitable-giving-report-shows-online-giving-continues-to-outpace-traditional-giving-as-donors-shift-channels>

<sup>2</sup> Giving USA 2019, IUPUI Lilly Family School of Philanthropy, <https://givingusa.org>