

The Philanthropy Landscape

AMDA

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Conference Themes

- Philanthropy in this New Political and Tax World
- Making the Case for Urgency and Relevancy
- Living and Embracing Diversity
- High Performing Boards and Volunteers
- Campaigns: An Update from the Field
- Major Donors
- Talent: Recruiting, Retaining, Structuring

Tax Cuts and Jobs Act of 2017

Provision	IN?	OUT?
Taxation of top 5 highly compensated	X	
Taxation of college & university endowments	X	
Taxation of certain research income		X
Taxation of UBI by activity	X	
Taxation of qualified transportation fringe and athletic facilities	X	
Taxation of the interest of private activity bonds		X
Limitation on the exclusion on employer provided housing		X
Repeal of the provision for tuition remission		X
Repeal of exclusion of certain employer provided educational expenses		X
Changes to Standard Deduction	X	
Estate Tax Threshold Changes	X	
SALT Deductions: limitation to \$10K for all state and local taxes	X	
Disallowance of moving expense deduction/exclusion from income (6 years)	X	
Suspension of employer provided bike benefit	X	
Increase in AGI limitation for charitable contributions from 50% to 60%	X	
Elimination of the provision that allows for a charitable deduction for college athletic seating licenses	X	
Simplification of private foundation net investment income excise tax rate to 1.4%		X
Excess business holdings exception for certain private foundation philanthropic businesses		X
Elimination of New Market Tax Credits		X
Reporting requirements of Donor Advised Funds		X
Repeal of Johnson Amendment (political speech)		X

Standard Deduction

The standard deduction increased to \$24,000 for joint filers and \$12,000 for individual filers.

- According to a study by the IU Lilly Family School of Philanthropy, this could result in a decrease in giving by \$13.1 billion
- The decrease would be roughly half of the decline caused by the Great Recession of 2009, without a clear path for recovery
- This assumes that individuals who do not itemize are less likely to give or will change their giving habits

The Charitable Deduction

The amount of a charitable gift that can be deducted annually was increased to 60% of AGI and the Pease Limitation was repealed.

- Giving by most upper-middle and high-income donors will not be significantly impacted
- Similarly, tax reform will have little impact on individual/household giving by lower-income donors

State and Local Tax (SALT) Deduction

Limit of \$10,000 deduction for all state and local taxes combined – previously it was an unlimited number.

- This tax increase for high-tax states, such as New York, New Jersey, Massachusetts and California, could substantially decrease discretionary spending to include gifts to charities

Estate Tax

The threshold for triggering an estate, gift or generation-skipping tax was raised to \$11.2 million per person (\$22.4 million for a married couple).

- In 2010, the estate tax was temporarily repealed and gross charitable bequests dropped 37% from the previous year. The tax returned in 2011, and charitable bequests soared to \$14.36 billion.

SESSION 2: Tax Reform and Philanthropy

Taxes, Museums & Transparency

The Philanthropy Outlook 2018 & 2019



The Philanthropy Outlook 2018 & 2019

Three Scenarios

The High Growth Scenario

The Uneven Growth Scenario

The Flat Growth Scenario

The High Growth Scenario

The Tax Cuts and Jobs Act builds on the momentum generated from the strong economy at the end of 2017.

- The loss of tax incentives would have a dampening effect on some households
- The performance of the economy overall – particularly if personal income, net worth, and consumption experience strong growth – would help offset this

The High Growth Scenario, cont.

- Corporate giving – buoyed by corporate savings and strong consumer sentiment – would remain solid
- Foundation giving would remain strong since market and GDP performance is closely linked to growth in foundation giving

The Uneven Growth Scenario

The Tax Cuts and Jobs Act primarily benefits corporations and wealthy businesses owners with minimal trickle-down effects.

- Total giving estimates would hide much of the disparity
- High net-worth households are already responsible for a large portion of individual giving, so enough economic growth would result in growth in individual giving

The Flat Growth Scenario

Implementation of the Tax Cuts and Jobs Act has less impact on growth, and exploitation of loopholes prevent the economy from realizing the full benefits of tax reform. Broad implications for charitable giving are difficult to ascertain

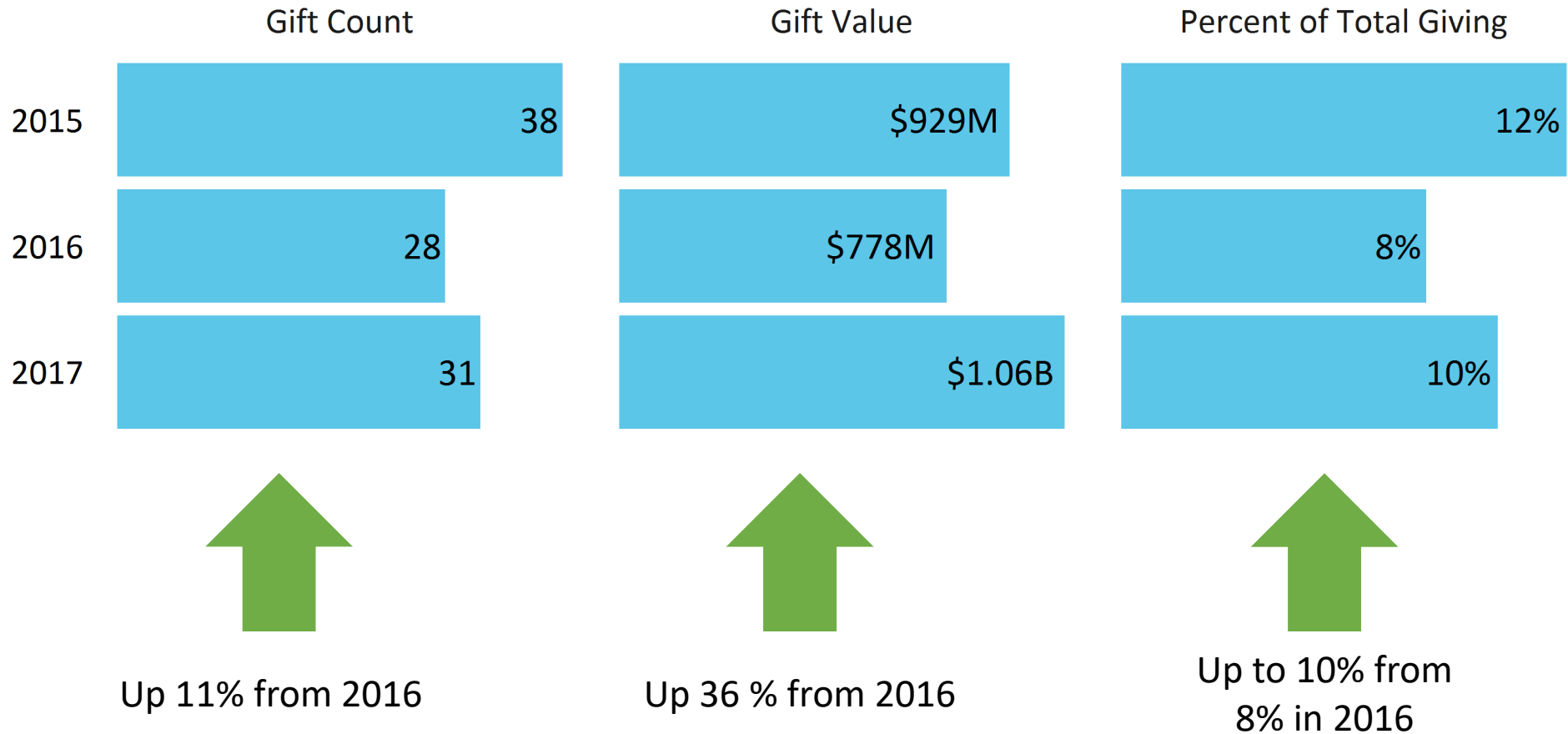
- If it is unclear how to maximize the benefits of a large gift, individuals may delay the gift until they are more certain
- Other sources of confusion involve how charitable dollars are counted

Giving Sources

The Philanthropy Outlook forecasting model projects **increases in total giving and giving by the following sources** in 2018 and 2019:


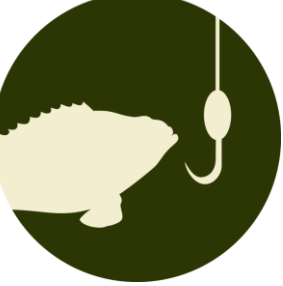

- Giving by individuals/households
- Giving by bequests
- Giving by corporations
- Giving by foundations

Arts, Culture, and Environment \$10M+ Gifts Summary 2017



Session 3: Best Practices

Changing the Conversation

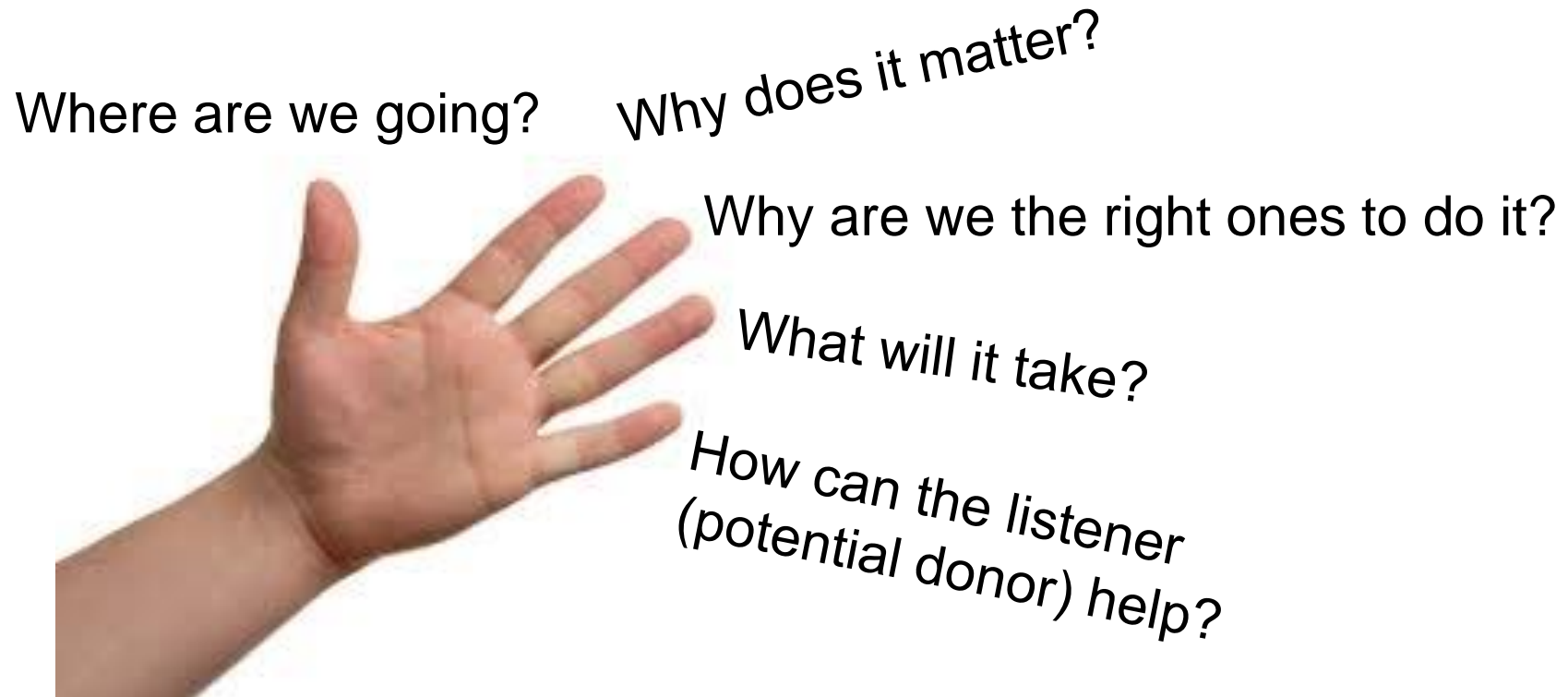
	<p>Outputs = Charity</p>	<p>More than 1 million people visited our museum last year; our collection of pre-Columbian artifacts is preeminent.</p>
	<p>Outcomes = Philanthropy</p>	<p>Every fourth-grade public school in the county visits our museum for free, using lesson plans that are based on the common core curriculum.</p>
	<p>Impact = Transformational Giving</p>	<p>Students that participate in our education programs have improved reading scores. Companies that participate in our young professional programs have higher employee engagement and retention. And those who simply enjoy our works of art are happier, less anxious, and more connected to the city.</p>

Art for a Cause

Art for ~~a~~ Cause

Art is a Cause

•Five-Finger Messaging



LACMA – ASU Masters Fellowship in Art History

“Both ASU and LACMA are laser-focused on creating new educational opportunities, encouraging broader public engagement and advancing knowledge,” said Michael Crow, president of ASU. “We are both seeking a more powerful role for arts and culture in public life and in our democracy. We are both committed to disrupting old models...to increase equity and inclusion and engage new perspectives, cultures and backgrounds. This program expands our ability to introduce new ideas and pursue new answers to serve a changing America.”

Session 4: Diversity & Inclusion

Red

Blue

Orange

Green

Green

Green

Red

Purple

Blue

Red

Blue

Orange

Purple

Purple

Green

Red

Orange

Red

Purple

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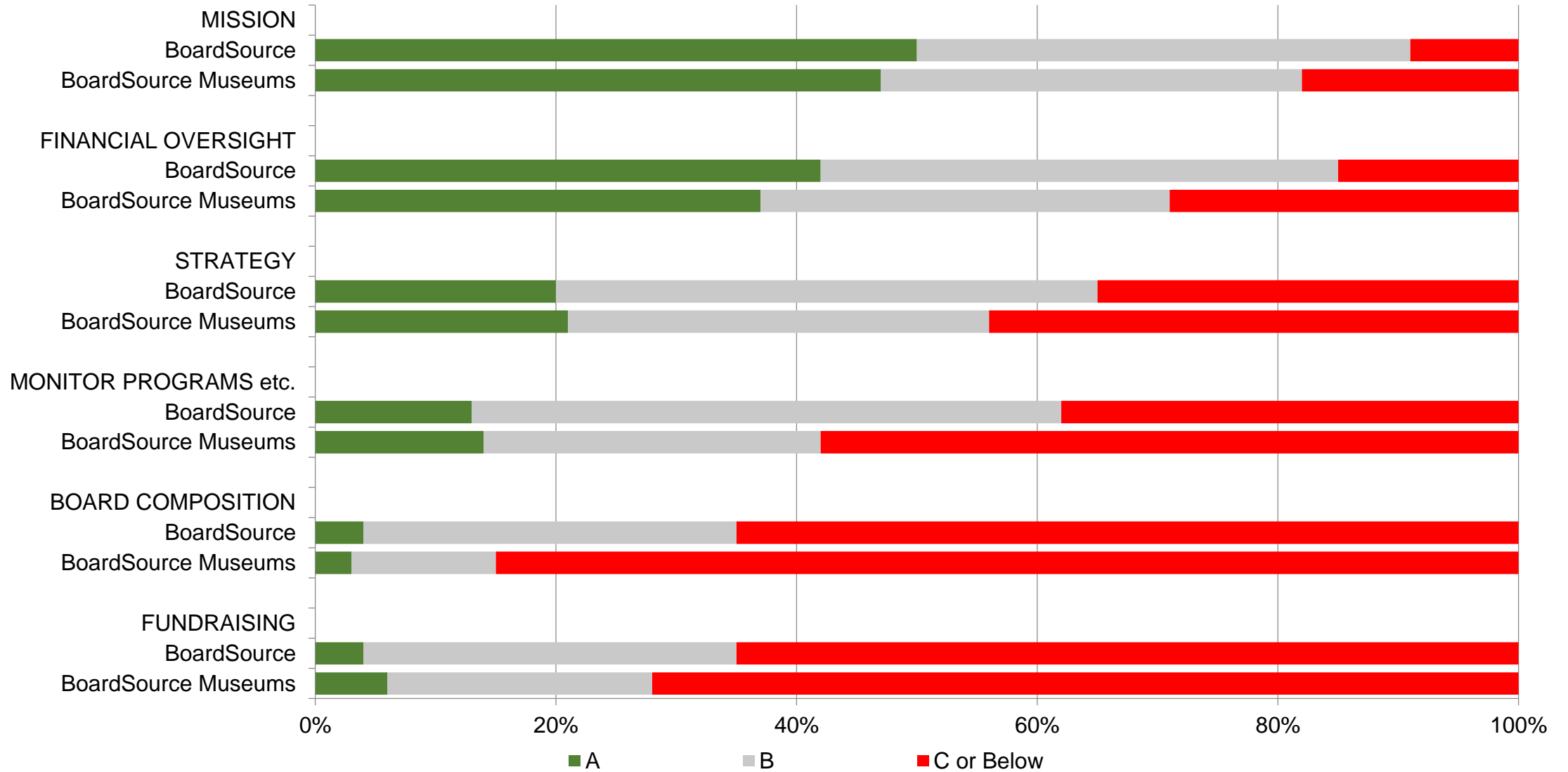
Red

Purple

Orange

Session 5: Boards & Volunteers

Grade the board's performance in the following areas (grade A through F).



Session 6: Changing Landscape of Campaigns



Driven by accolades

Nonprofits solve problems

“What’s in it for me?”

Success = \$

Audience: key influencers

Driven by anecdotes

Collaboration solves problems

“What’s in it for us?”

Success = impact

Audience: diverse stakeholders

SESSION 7: Major Donor Panel

“...donors are so much more valuable to nonprofit organizations than the organizations are to donors.”

Mike Geiger, MBA, CPA

President and CEO, Association of Fundraising Professionals (AFP)

In Vital Signs 2: The Undeveloped Value of New Donors, Blackbaud Institute

Donor Behavior

through the lens of behavioral economist Richard Thaler

Level	Type	Behavior		Relation-ship	Interaction	Message hierarchy	Examples
		Consumer	Donor				
1	Spontaneous	Buying socks online	Making a one-time “rage” donation	Awareness	Little/no human interaction	Need: The organization needs a donation	<i>Give now. Fight back. We need your gift to make a difference.</i>
2	Meaningful	Buying a car or appliance	Making a recurring gift or joining a donor society	Interest	Online research; single interaction at the end of the process	Serve: The organization needs donations to serve the needs of others	<i>Our track record proves that every gift makes a difference. Let us show you how your donations can do more.</i>
3	Major	Episodic purchase such as a house	Multi-year campaign pledge	Engagement	Intense involvement of one or two advisors (a major gift officer)	Impact. The organization needs donations so that it can solve wicked problems	<i>It isn't every day that we get to build a movement. With your partnership, we can. We are excited to share the details with you.</i>
4	Transformational	Sale of a business	Transformational gift	Ownership	A team of advisors	Change agent: Donors solve wicked problems by giving through the organization	<i>You've worked a lifetime to make a difference such as this. Your leadership now will make a difference for lifetimes to come.</i>

From “fundraisers” to creative problem solvers

Top Skills 2015

- Complex problem solving
- Coordinating with others
- People management
- Critical thinking
- ~~Negotiation~~
- Quality control
- Service orientation
- Judgment and decision-making
- ~~Active listening~~
- Creativity

Top Skills 2020

- Complex problem solving
- Critical thinking
- Creativity
- People management
- Coordinating with others
- Emotional intelligence
- Judgment and decision-making
- Service orientation
- Negotiation
- Cognitive flexibility

