SEVENTH ANNUAL

Report Card on Charitable Giving
for Metro Milwaukee

NOVEMBER 2003

Sponsored by

Greater Milwaukee Foundation

In cooperation with:
Public Policy Forum
Donors Forum of Wisconsin
United Way of Greater Milwaukee
The Faye McBeath Foundation
SEVENTH ANNUAL
REPORT CARD ON CHARITABLE GIVING
FOR METRO MILWAUKEE

November 2003

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GREATER MILWAUKEE FOUNDATION

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Executive Director

Denise Callaway
Director of Communications

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2002 was a year filled with challenges for nonprofit organizations in the metropolitan area and for the individuals, businesses and foundations that give to them. For the first time in three years, giving fell for the 65 “bellwether” organizations participating in the Report Card on Charitable Giving. Total giving fell 2.2 percent to $218 million. Bellwether organizations have lived through several cautious years of hopeful optimism; now some are facing the stark reality of sometimes dramatic decreases in giving from 2001 to 2002.

Here are some additional key findings:

- The greatest decline in funding was in the smallest groups in our survey - small organizations saw funding drop by 16.9 percent from 2001-2002. Overall, 34 of the bellwethers experienced a decline in total giving. This is also the first time in five years the rate of local giving has fallen below the rate of inflation.

- This year giving by individuals was down 5.2 percent or $6.5 million. This is of particular concern because individual gifts are the primary source of giving for most of the bellwether organizations. Funding also decreased for businesses and foundations with foundation giving dropping by 14 percent and business giving falling slightly by 2.1 percent.

- One out of three bellwether organizations believe the state of philanthropy in the metro area is getting worse. Just 16 percent see an improving outlook in the metro area for giving.

While 2002 brought concerns for some agencies; there were some positive giving trends worth noting:

- Arts and culture bellwethers had total gifts increase 17 percent to $52.3 million. Capital campaign support jumped 29 percent.

- A two-year giving decline ended for health groups. Gifts increased 9 percent to $17.6 million. Individual giving accounted for much of that increase.

- Environmental groups saw giving climb modestly. Gifts totaled $5.6 million, a 4.4 percent increase from 2001.

- Bequests to all bellwether groups climbed 75% in 2002 for the fourth annual increase. The 2002 bequest total of $30.8 million is the highest since tracking began in 1992.

While results of the 2003 Report Card on Charitable Giving do raise concerns, there is an important finding that also provides hope for the future; since 1992 gifts to all bellwether sectors have increased 87 percent. That is just under three times the rate of inflation. Milwaukee’s rich charitable history gives us great hope that tradition will continue in future years.

Sincerely,

Douglas M. Jansson
President, Greater Milwaukee Foundation
Executive Summary

The economic downturn that has cast a shadow across the nation is evident in this year’s Report on Charitable Giving. Total gifts to bellwether nonprofit organizations in the metro Milwaukee area decreased in 2002 for the first time in three years. The decrease of 2.2 percent is relatively small, though consequential to numerous organizations. From 2001 to 2002, 34 bellwether organizations experienced a decline in total giving. This is the first time in five years that the rate of local giving is below the rate of inflation.

In the past, capital campaign revenue has helped to account for much of the change in total giving. This year, while the decrease in capital giving of 21 percent is a significant factor, capital giving is not solely responsible for the overall giving decrease. Giving increases in arts and culture were primarily responsible for preventing further decline in total giving.

The decrease in total giving is not consistent across all sectors. Three experienced gains from 2001 (Arts/Culture, Health, and Environment) and three losses (Education, Funding Organizations, and Human Service). Nor is the decline in total giving consistent across the size of the organization.

Large organizations, with gifts over $2 million increased total gifts by two percent. The greatest loss occurred in small organizations with a 16.9 percent drop from 2001 to 2002.

How small organizations weather the future effects of a weak economy will be critical for their viability. Our survey results suggest that one out of three bellwether organizations believe the state of philanthropy in the metro area is getting worse. Just 16 percent see an improving outlook for metro area giving.

Other key findings of our annual philanthropy report are:

- Total gifts to bellwether organizations decreased 2.2 percent in 2002, to $218 million, in inflation-adjusted dollars. This is the lowest level of giving in three years. All entities: individuals, businesses and foundations decreased giving from 2001 to 2002. The highest percent decrease was a 14 percent decline by foundations, followed by a 5.2 percent decrease in individual giving, and a 2.1 percent reduction in business giving.

- Arts and culture bellwether organizations experienced a 17 percent increase in total gifts, to $52.3 million and a 29 percent increase in capital campaign support. Six arts and culture bellwether organizations had increases in total gifts from 2001 to 2002; these increases offset decreases to the Milwaukee Art Museum in both total giving and capital gifts.

- Total giving to the human services sector fell nine percent, to $32.3 million. The decrease was due to a 27 percent decrease in individual donations and a 6.8 percent decrease in business donations. The total decrease was muted by a 35 percent increase in foundation giving.

- Total contributions to health bellwether organizations ended a two year decline gaining $1.5 million from 2001 to 2002. Increases in individual giving account for the improvement.

- Education bellwether organizations experienced a decrease of 18 percent from 2001 to 2002 to $27.1 million, the lowest contribution total since 1997. Gifts to capital campaigns experienced a sizeable decrease of $3.4 million or 45 percent from 2001.

- Total giving to the smallest sector in this analysis, environmental organizations, increased 4.4 percent from 2001 to 2002. The source of this increase is businesses with decreases in both individual and foundation giving partially dampening this increase.

- Funding organization total giving decreased from 2001 to 2002, 5.7 percent to $83.6 million. The decrease ends a four year trend of increasing gifts to funding organizations.
Our seventh Annual Report Card on Annual Giving analyzes 11 years of charitable giving to 65 bellwether organizations in the four-county (Milwaukee, Ozaukee, Washington, and Waukesha) metro area. Financial analysis is based on the numbers reported on the IRS 990 Forms filed by organizations in 2002 that represent the 2001-02 fiscal year for most organizations and the 2001 calendar year for others. As in prior years, the Public Policy Forum and the Greater Milwaukee Foundation chose the bellwether organizations based on their willingness and ability to comply with the following requirements:

- The organization’s headquarters are in, and most of the nonprofit’s donations come from, the four-county area;
- The organization can provide its IRS 990 tax return for each of the years that are studied;
- The organization can categorize or estimate its total direct charitable contributions into the total received from individuals, businesses, foundations, and special events, as well as the money received from capital campaigns and endowments, and bequests;
- A representative from the organization fills out a brief questionnaire regarding the future of the state of philanthropy in the metro area.

In order to maintain continuity all bellwether groups that completed the Sixth annual report are included in this report, regardless of whether they returned a survey. In such a case, publicly available IRS 990 data is used to determine giving trends.

For purposes of this study, organizations are divided into two groups: service-providers and funding organizations. Funding organizations are groups such as the United Way and the Greater Milwaukee Foundation that collect money from people and then distribute it to service providers. The service Providing organizations are further categorized into five sectors:

**Arts and Culture:** This group includes providers of both visual and performing arts, as well as cultural resources, such as museums and libraries.

**Education:** This group includes colleges, vocational institutions, high schools, and grade schools. Additionally, organizations are included that – rather than being associated with a particular school – are groups that financially support education in some way.

**Environment:** This group includes organizations that financially support the improvement of the physical environment as well as groups that take advantage of environmental resources for recreational and aesthetic purposes, such as parks and nature trails.

**Health:** This group includes hospital foundations, clinics, and organizations that educate and serve the public with regard to certain health-related issues.

**Human Service:** This group is the most diverse of the bellwether categories and includes the largest number of organizations. Basically, this group seeks to provide some type of service to the community, such as youth and family services or recreational services.

An analysis by size of organization is also included in this report. The bellwether organizations, with the exception of the funding organizations, are divided into groups according to the total amount of giving each bellwether received in 2002.

<table>
<thead>
<tr>
<th>Table 1.1: Bellwether Organizations by Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arts and culture</td>
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<tr>
<td>Education</td>
</tr>
<tr>
<td>Environment</td>
</tr>
<tr>
<td>Health</td>
</tr>
<tr>
<td>Human Services</td>
</tr>
<tr>
<td>Funding Organizations</td>
</tr>
<tr>
<td>Total Organizations</td>
</tr>
</tbody>
</table>
There are some qualifications to the data that must be kept in mind when drawing conclusions. First, numbers are primarily dependent upon those people within the organizations who report them. The reported numbers are sometimes inconsistent with previous years or with numbers reported elsewhere in the same year. Second, it is possible that some donations are counted twice in the numbers due to service providers reporting contributions that come from funding organizations. Finally, one large organization can skew the aggregate numbers due to the sheer impact of the relatively large numbers.

## BELLWETHER ORGANIZATIONS

### ARTS AND CULTURE
- Columbia (Hospital) Foundation
- Medical College of Wisconsin
- Oconomowoc Memorial Hospital Foundation
- St. Michael Hospital Community Foundation
- United Cerebral Palsy of Southeastern Wisconsin

### HUMAN SERVICE
- American Red Cross, Greater Milwaukee Chapter
- Boy Scouts of America, Milwaukee County Council
- Boys and Girls Clubs of Greater Milwaukee
- COA Youth and Family Services
- Children's Service Society of Wisconsin
- Community Coordinated Child Care
- Daystar
- Girl Scouts of Milwaukee Area
- Goodwill Industries of Southeastern Wisconsin
- Hunger Task Force of Milwaukee
- Milwaukee Urban League
- Milwaukee Women's Center
- Next Door Foundation
- Penfield Children's Center
- Planned Parenthood of Wisconsin
- United Community Center
- Variety Club Children's Charities
- Volunteer Center of Greater Milwaukee
- Wisconsin Humane Society
- YMCA of Metropolitan Milwaukee
- YWCA of Milwaukee
- YWCA of Waukesha

### EDUCATION
- Alverno College
- Brookfield Academy
- Carroll College
- Catholic Memorial High School
- MATC Foundation
- Messmer High School
- Milwaukee Institute of Art & Design
- Partners Advancing Values in Education
- University School of Milwaukee
- Urban Day School
- UWM Foundation

### ENVIRONMENT
- Citizens for a Better Environment
- Friends of Schlitz Audubon Center
- Ice Age Park & Trail Foundation
- Park People of Milwaukee County
- Riveredge Nature Center

### HEALTH
- 16th Street Community Health Center
- AIDS Resource Center of Wisconsin
- American Lung Association of Wisconsin
- Blood Center of Southeastern Wisconsin

### FUNDING ORGANIZATIONS
- Community Health Charities of Wisconsin
- Greater Milwaukee Foundation
- Milwaukee Jewish Federation
- United Performing Arts Fund
- United Way of Greater Milwaukee
- United Way in Waukesha County
In 2002 giving to metro area bellwether organizations decreased 2.2 percent, or $4.9 million. This decrease marks the end to a three year run on annual increases in giving. In inflation adjusted dollars, 2002 giving of $218 million is just slightly higher than 1999 giving. Thirty-four of the 65 bellwether organizations experienced a decrease in total gifts from 2001 to 2002.

Capital and endowment giving dropped 21 percent from 2001 to 2002. Four of six sectors witnessed a decrease in capital and/or endowment giving from 2001 to 2002. Sectors with increases were arts and culture and environment.

Arts and culture experienced a $6.5 million dollar increase in capital giving from 2001 to 2002. The environment sector’s increase of $56,162 is the only other sector increase. Capital giving increases to the arts and culture bellwether groups stemmed the loss in total capital giving to metro area organizations. For the last few years, arts and culture giving has been somewhat of an anomaly because of the Calatrava addition to the Art Museum that had dominated giving trends. It was anticipated that arts and culture giving might decrease after the opening of the addition. Instead, the pace of giving to this sector continues to overwhelm other sectors with gifts to other arts and culture organizations making up for losses experienced by the Milwaukee Art Museum.

Bequests were up 75 percent in 2002 for the fourth annual increase. The 2002 bequest total of $30.8 million is the highest since tracking began in 1992. Gifts to three bellwether organizations largely account for this increase. However, the 2001 increase in bequests is largely the result of one bequest to an arts and culture organization.

Total giving in three of the six sectors increased from 2001 to 2002. The sector with the largest one year increase was arts and culture with a 16.9 percent increase of $7.6 million.

The environment sector also increased total gifts from 2001 to 2002. The much smaller sector experienced a 4.4 percent increase of
$237,000. This increase continues a four year trend of increases in gifts to environmental organizations. Still the gains in this sector are largely the result of growth in gifts to a single organization. The health sector increased total gifts by 9 percent, or $1.5 million.

The sector with the greatest drop in total giving was education with an 18 percent decrease in giving. This drop was especially significant given the fact that since 1999 education bellwethers have lost 35 percent in total giving.

The second largest total decrease in giving was in the funding organizations. Total giving to funding organizations decreased $5 million. Completing the list of sectors that lost in total gifts from 2001 to 2002 are human service organizations that lost $3.2 million or nine percent from 2001 to 2002.

Gifts by Source

Individuals are the primary source of giving for most bellwether organizations. Individual gifts represent 48 percent of the giving in 2002 versus down from 52 percent in 2001 (Chart 1.4). This year gifts from individuals declined 5.2 percent or $6.5 million. Thirty-three bellwether organizations experienced a decline in individual gifts from 2001 to 2002. The funding sector experienced the largest one year decline in gifts by individuals. It saw individual gifts decrease by $7.2 million. Countering this trend was a $9.7 million increase in individual gifts to the arts and culture sector. And the health sector experienced a $2.6 million increase in individual gifts.

Business and foundation giving also decreased from last year with foundation giving dropping by 14 percent or $7.2 million and business giving dropped slightly, 2.1 percent or $780,000. The most significant drop came in business gifts to the education sector, followed by the health sector. The largest decline in foundation giving was felt by the arts and culture sector. The education and human service sectors experienced increases in foundation gifts from 2001 to 2002.

Comparing Philanthropic and Economic Trends

Chart 1.5 shows the 11 year trend of giving to bellwether organizations as well as two economic indicators: The Consumer Price Index and the year end Dow Jones Industrial Average. Each measure is indexed to 100 in 1992, and each year's change from 100 measures the growth that has occurred.

For much of this tracking period, growth in gifts to bellwether organizations was nearly triple the rate of inflation. This year marks a change. Gifts to bellwether organizations are below the increase in the Consumer Price Index, decreasing 2.1
percent or four points from 2001 to 2002.

The Consumer Price Index increased during this same time period at 1.6 percent. However, giving declined at a much lower rate than the stock market index that dropped 51 points or 16.8 percent from 2001 to 2002. Over the past 12 years of tracking metro giving it is clear that area giving neither rises as fast as the stock market nor declines as sharply.

**Metro Bellwethers in National Context**

Chart 1.6 compares local and national distribution of gifts to nonsectarian causes. Data on national giving trends are drawn from Giving USA, published by the AARFC Trust for Philanthropy.

What is immediately apparent from a comparison of the distribution of local gifts to national is the gap locally and nationally between giving to arts and culture and education. Nationally, 23 percent of giving is for education, locally it is 12 percent. This gap has widened since 2001 when national and local giving to education differed by eight percentage points. Locally giving to the arts and culture sector is at a much higher level than national giving. Approximately 25 cents of every dollar is directed at arts and culture locally compared with nine cents nationally.

Giving to funding organizations and unallocated giving dominated at both the local and national level in 2002—this is evident with over 35 percent of all funds directed to this sector.

One other notable difference is giving to the health sector. Locally giving to health consumes eight percent of giving compared to 13 percent nationally. The environmental sector receives the smallest amount of all gifts both locally and nationally at three and five percent respectively.

**Giving Trends By Sector**

Chart 1.7 shows the percentage change in gifts by type and sector from 1992 to 2002. In total, gifts to all sectors have increased 87 percent during this 11 year time frame. This is just under three times the rate of inflation.

The greatest percent increase in gifts is within the environmental sector—the 328 percent increase surpasses all other sectors. In total, education giving by individuals and businesses has experienced decreases during this time period that are muted by the 237 percent increase in foundation support. The smallest increase is within the education sector that has experienced an increase in giving at just above the rate of inflation at 32 percent. Still, from 1992 to 2002 giving in all sectors continues to far surpass the 28 percent rate of inflation increase.
ARTS AND CULTURE

Total giving to arts and culture bellwether organizations increased 16.9 percent, or $7.6 million from 2001 to 2002. Of the 12 organizations in this sector, half experienced increases in total giving while the other half had losses.

Much of the increase in total giving can be explained by a 29 percent increase in capital campaign contributions. This was primarily fueled by increases to one sector organization. This organization experienced increases in capital gifts of $13.9 million from 2001 to 2002. Capital gifts to nine other organizations decreased or stayed the same during this time period.

Individual and business gifts primarily account for the increase in giving to arts and culture. Gifts from individuals increased 46 percent while business gifts more than doubled 2001 giving. Foundation giving decreased, but the losses were more than offset by increases in business and individuals (Chart 2.2).

Each year program revenue for this sector has increased; 2002 is no exception. Program revenue grew to $19.5 million, a seven percent increase over 2001 (Chart 2.3). Eight of the 12 arts and culture bellwether organizations had increases in program revenues. One organization almost doubled program revenue in a single year.

Philanthropic gifts remain the primary source of revenue for the arts and culture sector. 2002 gifts were 59 percent of total revenue, up seven percentage points from 2001 and a stunning 18 percentage points from 1992.

Chart 2.1: Total Giving to Arts and Culture Groups

![Chart showing total giving to arts and culture groups from 1992 to 2002](chart2.1.png)
HUMAN SERVICES

Total gifts to human service bellwether groups decreased nine percent, or $3.2 million from 2001 to 2002. This decrease comes after modest growth last year and a surge in gifts in 2000. Nonetheless, total gifts in 2002 were 28 percent higher compared to levels prior to 2000. Capital campaign gifts also experienced a drop measuring 17 percent from 2001 to 2002 (Chart 3.1). This drop is largely due to the end of a capital campaign for one human service organization.

Individual and business donations decreased, accounting for the decrease in total giving experienced by this sector. Individual donations dropped 27 percent, or $5.1 million in one year. Business gifts decreased by 6.8 percent, or about $500,000. Increased foundation support muted some of the impact of this loss from individuals and businesses. Foundation support increased $2.2 million, or 35 percent (Chart 3.2).

Revenue from government grants increased 22 percent from 2001 to 2002. Program revenue experienced a decrease of nine percent ending a 10 year trend of increasing program revenues. Despite this decline, revenues do remain higher than those posted two years ago.

Over the past decade contributions as a percent of total revenue to the human service sector have decreased five percentage points. In 2002, contributions represented 10 percent of all revenue (Chart 3.4). Individual gifts as a percent of total gifts declined to 43 percent in 2002. This is down from its peak of 57 percent in 1994. Fundraising costs as a percent of total contributions totaled 19 percent, a slight increase from 2001.

Chart 3.1: Total Gifts to Human Service Groups

![Chart 3.1: Total Gifts to Human Service Groups](image-url)
HEALTH

Total contributions to health bellwether organizations ended a two year decline (Chart 4.1) From its peak in 1999, total contributions decreased $6.2 million in inflation adjusted dollars in 2001. This year giving ticked upwards, 9 percent or $1.5 million. In inflation adjusted dollars, total gifts to health bellwether groups are slightly lower than 2000 giving.

Gifts for capital campaigns diminished substantially, with a decrease of $9.8 million from 2001. This is largely due to the end of a capital campaign by one health bellwether organization. For each of the last three years this organization’s capital campaign has accounted for all but a fraction of capital gifts to this sector.

Gifts from individuals increased 41 percent, or $2.6 million from 2001. This increase made up for decreases in both business and foundation giving. Business gifts were down $1.83 million while foundation giving was down $1.8 million (Chart 4.2). However, giving by foundations in 2002 is consistent with giving prior to 1998.

Government grants to health groups ended a 10 year trend of annual increases. From 2001 to 2002 health bellwether organizations received a $3.3 million decrease in government grants. At the same time program revenue took a dramatic downward dip decreasing $10.8 million from 2001 to 2002 (Chart 4.3).

Owing to the increase in individual gifts, coupled with the decrease in gifts from businesses and foundations, the percent of total gifts from individuals increased from slightly over 40 percent in 2001 to 51 percent in 2002. Still individual giving is only a small amount of total health sector revenue.

The reliance of the health sector on philanthropic contributions is small, just four percent in 2002. This is a one percentage point increase from 2001 that ends a three year decline in contributions as a percent of total revenue (Chart 4.4).
Total contributions to education bellwether organizations decreased 18 percent from 2001 to 2002 to $27.1 million, the lowest contribution total since 1997. In inflation adjusted dollars, the total in 2002 is only slightly above gifts received in 1996. Gifts for capital campaigns experienced a sizeable decrease from 2001 to 2002 of $3.4 million, a 45 percent decrease from 2001. Capital contributions are substantially affected by campaigns for single organizations. This year, five educational organizations saw capital campaign contributions at 50 percent of 2001 levels.

Giving to educational organizations by individuals and businesses decreased considerably from 2001 to 2002. Individual gifts decreased 46 percent, or $6.4 million, and business decreased 72 percent, or $3 million (Chart 5.2). The decrease in gifts from individuals and businesses continues a trend that began in 2000. Foundation support increased $3.9 million from 2001 to 2002. Yet, the increase in foundation support did not make up for the losses experienced by individuals and businesses.

Growth in program revenue and government grants continues an uninterrupted upward trend. This year government grants increased five percent while program revenues increased 11.7 percent.

One notable trend in the education sector is the increase in fund raising costs as a percent of total contributions. Since 2000 there has been a five percentage point increase in this measure. Part of this can be explained by the decline in contributions. In fact, contributions as a percent of total revenue are now 21 percent, down from 33 percent in 1999. In addition, the percent of total contributions from individuals has decreased substantially, down from 43 percent in 2001 to 28 percent in 2002.
The environment sector contains the smallest number of bellwether groups. For this reason, fluctuations in giving are usually the result of changes in a single organization rather than an overall trend among all organizations in the sector. Last year’s increase was attributed to a large increase in gifts to one organization. This year, environmental bellwether groups experienced an increase of 4.4 percent or $237,326 in total giving (Chart 6.1). Two groups account for this increase. Other sector groups saw a decrease in gifts from 2001 to 2002.

Interestingly, the source of this increase in giving is from businesses (Chart 6.2). Individual and foundation gifts dropped from 2001 to 2002, (two percent and 10 percent respectively). Business gifts doubled in this time period with gifts to two organizations accounting for this increase.

Chart 6.3 indicates a decrease in revenue from all three sources that are tracked: government grants, membership dues, and program revenue. The environmental sector is one of three sectors to have a decrease in program revenues from 2001 to 2002, with a 13 percent decrease. Government grants have dropped for the fourth year in a row, with a 20 percent decrease from 2001 to 2002. Membership dues decreased 13 percent during this time.

Contributions are a critical source of revenue for the environmental sector. This year shows an increasing reliance on gifts with contributions accounting for 82 percent of all revenue in 2002. In 2002 business gifts made up for the loss in individual gifts. Individual gifts as a percent of total contributions are on a seven year decline. In 2002 individual gifts account for 37 percent of all giving down from a high of 65 percent in 1995 (Chart 6.4).

![Chart 6.1: Total Gifts to Environmental Groups](image-url)
Chart 6.2: Gifts to Environmental Groups

Chart 6.3: Other Revenue Sources for Environmental Groups

Chart 6.4: Key Revenue Relationships for Environmental Groups
Gifts to funding organizations decreased 5.7 percent from 2001 to 2002 (Chart 7.1). The decrease ends a four year trend of increasing gifts to funding organizations. In inflation adjusted numbers, total giving in 2002 is lower than what bellwether funding organizations received in 1999, but higher than total giving in 2000. Capital campaign gifts also decreased 34 percent or $6.6 million from 2001 to 2002. On a positive note, bequests were up 28 percent from 2001.

A three part decline in giving from individuals, business, and foundations accounts for much of the decrease in total giving (Chart 7.2). A decline in individual giving is the primary source of the downward slide in total gifts to funding organizations. Individual gifts dropped 11.6 percent or $7.2 million. Business giving declined $425,000, causing a smaller impact on total giving. Foundation giving fell 29 percent or $2.5 million.

Program revenue and government grants account for a small amount of revenue to funding organizations. Combined revenue from these sources totaled $2.96 million in 2002. Still, government grants surged in 2002, increasing 242 percent or $167,000 over 2001 (Chart 7.3). Program revenue increased 11 percent during this same time period.

Individual gifts as a percent of total giving declined from 2001 to 2002 from 70 percent to 66 percent. The costs of fundraising as compared to total revenue stayed steady with an increase from seven to nine percent in this one year period. Contributions as a percentage of total revenue surged in 2002, topping 85 percent the second highest in the 11 years this data has been tracked. In 1995 contributions as a percent of total revenue reached 92 percent.
Chart 7.2: Gifts to Funding Organizations by Source

Chart 7.3: Other Revenue Sources for Funding Organizations

Chart 7.4: Key Revenue Relationships for Funding Organizations
This final analysis of giving trends focuses on organizations by size of total giving. If the nonprofit received less than $500,000, it is small; if it received between $500,000 and $2 million, it is medium; if it received more than $2 million, it is large. In 2002, 15 of our bellwether organizations are categorized as large, 28 medium, and 16 small. By indexing to 100 it is possible to begin to track changes in gifts over time.

Chart 8.1 indicates that total gifts to large organizations increased two percent from 2001 to 2002. Both medium and small organizations experienced decreases over this time period. There was a sharp decline in total gifts to small organizations. The 16.9 percent decrease in total gifts to small organizations suggests that some smaller organizations may be struggling during the current economic downturn. What remains to be seen is how the smallest bellwether organizations endure the stress of declines in total giving.

Gifts by individuals to large and medium organizations increased from 2001 to 2002. Individual gifts to small organizations dipped 21.1 percent during this one year period.

Overall giving led the decrease in overall giving to small bellwether organizations. However, a substantial drop in business giving accelerated this decrease. From 2000 to 2002 giving by business to small organizations decreased 64 percent with a 39 percent decrease in one year. Large organizations experienced a 23 percent increase during this same time period.

Foundation giving was mixed during this time period with no systematic directional impact on medium and large organizations and a decrease in small organizations.

Chart 8.1: Total Gifts by Size of Organization
Chart 8.2: Individual Gifts to Organizations by Size

Chart 8.3: Business Gifts to Organizations by Size

Chart 8.4: Foundation Gifts to Organizations by Size
PERCEPTIONS OF THE FUTURE

Each year this survey of bellwether organizations provides an opportunity to step away from the financial reports to get a glimpse into how bellwether organizations are assessing the outlook of philanthropy. While financial data is from the 2001 calendar or tax year this portion of the survey looks ahead to 2003-04.

From 1998 to 2000, a majority of those surveyed looked into the future and felt that the state of philanthropy in the Milwaukee metropolitan area was improving. Beginning in 2001, the number believing philanthropy was improving fell below 30 percent. This year just 16 percent of the bellwether organizations feel that the state of philanthropy is improving. A plurality of those surveyed feel it is staying the same and 33 percent noted it is getting worse (Chart 9.1).

Concern over the U.S. economic downturn continues to weigh heavily on bellwether organizations. Organizations believe giving to their organizations has been less generous than usual. No survey respondent indicated that they have experienced more generosity than usual. In fact, 86 percent believe that giving has been less generous than usual.

Bellwether organizations were asked whether they feel that the focus on world events, including the war in Iraq, has had an effect on giving to their organizations. Five percent of those surveyed responded that giving is more generous than usual, down from 17 percent who responded positively to a similar question on last year’s survey. Most felt giving had either stayed the same, 37 percent, or was less generous, 37 percent.

When asked about experience with giving by individuals, the responses are mixed. There is a slight improvement in those that have witnessed an increase in individual giving, (42 percent versus 40 percent). Still those experiencing a decrease in individual giving has gone from 35 percent reported last year to 38 percent (Chart 9.2). The striking point to note is the 20 percentage point increase in the number reporting a decrease in individual giving from 1998 to 2003.

Despite this view, the number of bellwether organizations predicting an increase in giving by individuals has improved over last year, from 48 percent to 65 percent (Chart 9.3). Still, this percent is lower than the optimism for increases in individual giving noted in 1999 and 2000.

Interestingly, each year the majority of bellwether organizations respond that fundraising efforts will increase. This year is no exception. Seventy percent of organizations will increase fundraising efforts this coming year (Chart 9.4).

Chart 9.1 Views on the State of Philanthropy in the Metropolitan Milwaukee Area

<table>
<thead>
<tr>
<th>Year</th>
<th>Improving</th>
<th>Staying the Same</th>
<th>Getting Worse</th>
<th>Not Sure</th>
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<td>1998</td>
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<tr>
<td>2003</td>
<td>46%</td>
<td>16%</td>
<td>5%</td>
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Chart 9.2: Previous Year's Experience in Number of Individuals Giving Donations

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<td>No Change</td>
<td></td>
<td>12%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decrease</td>
<td>0%</td>
<td></td>
<td></td>
<td>20%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

20 percentage point increase in five years

Chart 9.3: Percent Expecting Increased Support From Each Source in Current Year

<table>
<thead>
<tr>
<th>Source</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gifts from Individuals</td>
<td>65%</td>
<td>32%</td>
<td>29%</td>
<td>38%</td>
<td>27%</td>
</tr>
<tr>
<td>Corporate Gifts</td>
<td></td>
<td>27%</td>
<td>29%</td>
<td>27%</td>
<td>21%</td>
</tr>
<tr>
<td>Foundation Grants</td>
<td></td>
<td></td>
<td>27%</td>
<td>29%</td>
<td>27%</td>
</tr>
<tr>
<td>Fund-Raising Events</td>
<td></td>
<td></td>
<td></td>
<td>29%</td>
<td>27%</td>
</tr>
<tr>
<td>Program Revenues</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>21%</td>
</tr>
<tr>
<td>Government Grants</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>21%</td>
</tr>
<tr>
<td>Membership Dues</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>27%</td>
</tr>
</tbody>
</table>

Chart 9.4: Anticipation of Increased Fund-Raising Efforts in the Coming Year

<table>
<thead>
<tr>
<th></th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Definitely</td>
<td>70%</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Probably</td>
<td>24%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not Likely</td>
<td></td>
<td>3%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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About the Report Card on Charitable Giving