

Findings on US Donation Trends, 2015–2020

Nonprofit Trends and Impacts 2021

Lewis Faulk, Mirae Kim, Teresa Derrick-Mills, Elizabeth Boris, Laura Tomasko, and Nora Hakizimana

Three out of four nonprofits (73 percent) view donations from individuals as very important or essential to their work.

From 2015 to 2019, **58 percent of nonprofits experienced donation growth** and 32 percent experienced stable donations—but **fewer organizations led by people of color experienced donation growth** over that period.

Nonprofits in urban cores were more likely to experience **increases in donations in 2015–2019** than those in **rural areas**. But **in 2020, the trend reversed**.

Nonprofits of all sizes felt the disruptions of 2020, but **a greater share of small nonprofits experienced decreased donations than large nonprofits**.

Nonprofit organizations in the United States play a vital role delivering services, strengthening communities, and facilitating civic engagement. Though research has illuminated much about these organizations in recent years, until now we have lacked a nationally representative portrait of the nonprofit sector detailing donation trends and nonprofits' experiences across a variety of dimensions.

We conducted a nationally representative study of operating 501(c)(3) public charities and published an open dataset of the survey results. Our sample focuses on nonprofits whose activities range from direct service provision to community building and advocacy, have annual expenses of \$50,000 or more, and can be linked to IRS Form 990 data. This study excludes nonprofit hospitals, schools, higher-education institutions, houses of worship, foundations, and mutual benefit and philanthropic support organizations.

Our research produced key findings on nonprofit donation trends from 2015 through 2019 and in 2020. Subsequent annual surveys will provide additional data on long-term trends affecting this panel of nonprofit organizations and will help researchers, practitioners, funders, and policymakers garner evidence and insights on the nonprofit sector.

DONATIONS FROM INDIVIDUALS ARE ESSENTIAL

Donations from individuals are essential for the nonprofits represented in this study. We find that around three out of four nonprofits view individual donations as essential or very important for their work, and small nonprofits, defined as those with expenses under \$500,000, depend on them even more.

Small nonprofits make up more than 60 percent of the nonprofit sector, and report that roughly 30 percent of their revenue comes from individual donations, compared with 18 percent for large organizations (those with annual budgets of \$500,000 or more).

DONATIONS GREW FOR MORE THAN HALF OF NONPROFITS IN 2015–2019, BUT FOR MANY, THAT TREND REVERSED IN 2020

From 2015 through 2019, 58 percent of organizations experienced growth in donations, 32 percent experienced stable donations, and 10 percent experienced decreased donations. In 2020, however, donations decreased for a greater share of organizations (37 percent); this was true for organizations of all types and sizes.

DISPARITIES IN LONG-TERM DONATION TRENDS EXIST BETWEEN ORGANIZATIONS LED AND THOSE NOT LED BY PEOPLE OF COLOR

Organizations led by executive directors of color had similar 2020 experiences as those led by white executive directors. From 2015 through 2019, however, a greater share of organizations led by people of color experienced declines in donations than those led by white people (14 versus 9 percent), and a smaller share experienced increases in donations (52 versus 60 percent).

DONATIONS DECREASED IN 2020 FOR A GREATER SHARE OF SMALL NONPROFITS THAN LARGE NONPROFITS

Forty-two percent of small organizations experienced decreased donations in 2020, compared with 29 percent of large organizations.

PUBLIC HEALTH AND CIVIC DISRUPTIONS IN 2020 DRAMATICALLY IMPACTED NONPROFITS OF ALL TYPES AND SIZES

Forty percent of nonprofits (including 54 percent of arts and 36 percent of all other nonprofits) reported losing total revenue in 2020. On average, they lost 31 percent of total revenue and 7 percent of paid staff by year's end.

Among nonprofits that reported receiving fees for services in 2019, fees for services declined 30 percent at the median in 2020. The decrease in program-related revenues is likely to have exacerbated financial challenges, as more organizations reported that donations fell in 2020 than in previous years.

ADDITIONAL READING

ON THE NONPROFIT TRENDS AND IMPACT STUDY

Nonprofit Trends and Impacts 2021

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<https://www.urban.org/research/publication/nonprofit-trends-and-impacts-2021>

ON THE NONPROFIT TRENDS AND IMPACT DATASET

National Survey of Nonprofit Trends and Impacts Public Use Files

<https://datacatalog.urban.org/dataset/national-survey-nonprofit-trends-and-impacts-public-use-files>

ABOUT THE AUTHORS

Lewis Faulk

Faulk@american.edu

Lewis Faulk is an associate professor of public administration and policy in the School of Public Affairs at American University.

Mirae Kim

MKim216@gmu.edu

Mirae Kim is an associate professor of nonprofit studies at the Schar School of Policy and Government at George Mason University.

Teresa Derrick-Mills

TDerrick-Mills@urban.org

Teresa Derrick-Mills is a principal research associate in the Center on Labor, Human Services, and Population at the Urban Institute.

Elizabeth Boris

EBoris@urban.org

Elizabeth Boris is an institute fellow at the Urban Institute, where she was the founding director of the Center on Nonprofits and Philanthropy.

Laura Tomasko

LTomasko@urban.org

Laura Tomasko is a policy program manager in the Center on Nonprofits and Philanthropy.

Nora Hakizimana

NHakizimana@urban.org

Nora Hakizimana is a research analyst in the Center on Nonprofits and Philanthropy.