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The Economy's Impact (Part 3 of 3): Donors Reduce Giving, Brace for the Long Haul



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February 8, 2010

Although some recent economic news offers positive signs, the donor landscape continues to show little indications of improvement. In the wake of the poor economy, many American donors have cut back on donations to churches

and especially to other non-profit organizations, and they have become more pessimistic about the future of economic recovery. These are a few of the conclusions of a new Barna research study. The findings are based upon a nationwide sample of 1,008 American adults, conducted in January and early February, 2010.

This is the third report in a multi-part Barna Update series on the economy's impact. Other features can be accessed at the following links:

Part 1 | [Churches are Down 7% in 2009](#) (January 11, 2010)

Part 2 | [How Churches Have Adapted](#) (January 25, 2010)

Part 3 | Donors Reduce Giving (this week – see below)

Recalibrating Donations

Many Americans appear to be significantly cutting back on charitable giving in order to adjust to the downturn. Nearly half of all adults (48%) said they had reduced their giving to non-profit organizations (excluding churches and houses of worship) in the last three months. Churches were slightly less likely to be affected but were certainly not immune to cutbacks: three out of ten Americans had dropped their level of support to churches and congregations (29%) in recent months.

When compared to a [similar Barna study](#) conducted in the fourth quarter of 2008, when the economy began to plummet, there has been a 58% increase in the percentage of Americans who have curtailed their recent giving to non-profits and a 45% increase in the proportion that have reduced their donations to churches.

While many church donors have been able to maintain their typical level of donations, those who have cut back have dropped their giving substantially. Nearly one-quarter of church donors had cut contributions by 20% or more. That compares with just one-tenth who had done so in the first few months of the crisis. In other words, the segment of donors who have dramatically decreased their contributions to churches has more than doubled in the last 14 months.

IMPACT OF THE POOR ECONOMY: AMERICANS DROP DONATIONS

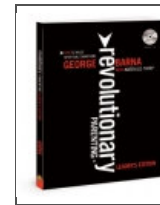
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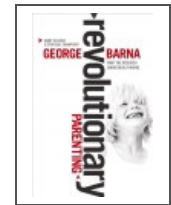
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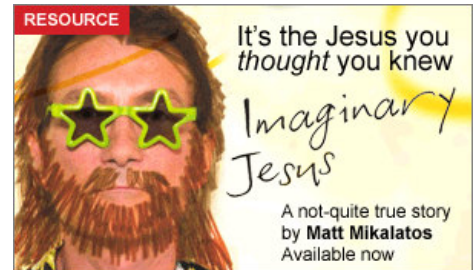


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| LAST THREE MONTHS | Nov 2008 | Jan 2010 |
|---|----------|----------|
| % of adults who have reduced giving to non-profits* | 31% | 48% |
| % of adults who have reduced giving to churches | 20% | 29% |

* excludes churches

(Source: The Barna Group, Ventura, CA - OmniPollSM 2010, N=1,008)

Outlook + Impact

Perhaps most concerning for charitable organizations, Americans are settling in for what they perceive to be a long recovery. Three-quarters of adults (75%) believe the economy will take two or more years to recover, and nearly half (42%) contend the economy will take more than three years to come back. In the first few months of the economic crisis, Barna surveys showed that three out of five adults (62%) felt it would take two years or more and just 32% felt it would take more than three years to recover.

Their gloomy outlook may be connected to the personal financial pressure many are experiencing. Americans reported feeling the impact of the economic crisis right away, but for many it has intensified since then. The current survey shows that three out of every four adults claim to have been personally affected by the economy (75%). Furthermore, the percentage who report being affected in a major way has also risen over the last 14 months, from 22% to 27%.

Stable Tithing

One measure of American generosity that has stayed relatively consistent – despite the economic turmoil – is the practice of tithing. This is the concept embraced by many Christians of giving ten percent (or more) of one's income. Overall, 7% of all adults reported donation levels equaling at least 10% of their income. The percentage of adults who tithe has remained constant since the beginning of the decade, falling in the 5% to 7% range.

Tithing levels, which could include both church and other charitable giving, were highest among evangelicals (24% of whom give at least 10%), non-mainline Protestants (13%), churchgoers (11%), and non-evangelical born again Christians (10%). Those over the age of 45 (9%) were nearly twice as likely as those under the age (5%) to tithe. Also, the study showed that income level was not correlated with tithing: just 9% of upscale adults gave at least one-tenth of their income, while 11% of the downscale set gave an equivalent proportion.

Who Worries, Who Keeps Giving?

Although most adults report being negatively affected, some groups were more likely than average to take a financial hit. This included Boomers, parents of minors, downscale adults, and residents of the Northeast. Those who were most likely to reduce giving to churches were divorced adults, parents, and Catholics. Donors who were least likely to report drops in church giving included Elders (ages 65-plus) and evangelicals (see how Barna Group defines "evangelicals" below).

Donors most likely to constrict their giving to other types of non-profits included middle income adults, divorced individuals, parents, homeschool families, and downscale adults. The most loyal donors to non-profits were singles, evangelicals, mainline Protestants, and upscale adults.

Americans who are most pessimistic about the economy's turnaround are residents of the West, political conservatives, and Republicans, while those most optimistic include Democrats, political liberals, African-Americans, singles, and those under the age of 26. Still, even among the favorably inclined segments, a minority of each group believes that a recovery is coming in the next year.

Perspective on the Findings

David Kinnaman, president of the Barna Group, commented on the donor environment. "Barring a significant event or shift, the prospects for a recovery of charitable giving during 2010 appear dim. The supply of donation dollars is not likely to meet the demand from nearly 1.5 million nonprofit organizations. Even while some financial indicators show signs of life, most Americans are very concerned about the country's long-term economic prospects and seem to be tightening budgets and scrimping on donations. What's more, the funds raised for Haitian relief efforts may exhaust some of the potential for future giving in 2010, especially among inconsistent donors.

"The implication is that church and non-profit leaders should prepare for another lean year. Response to this reality suggests avoiding high-risk and untested fundraising efforts and communicating effectively with constituents. In addition, consider proactive financial management, including adjusting income expectations. Avoid using traditional financial

- Millions of Unchurched Adults Are Christians Hurt by Churches But Can Be Healed of the Pain

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projections as reluctant donors are likely to cut back on the number of organizations and frequency of their support. One of the fundamentals is relentlessly addressing six donor motivations – as identified in previous work by the Barna team – including: operating efficiently, featuring the compelling cause at the core of your work, communicating the urgency of the need, nurturing personal relationships with donors, demonstrating transformational impact, and helping contributors feel a sense of personal benefit from giving. These appear to be as important as ever as donors scale back their giving.”

About the Research

This Barna Update article is based upon a nationwide tracking study, called OmniPollSM, conducted by The Barna Group. The telephone interviews were derived from a random sample of 1,008 adults selected from across the continental United States, age 18 and older, from January 26 to February 2, 2010. Interviews were conducted with respondents on landline telephones and cellular phones. The maximum margin of sampling error associated with the aggregate sample is ±3.2 percentage points at the 95% confidence level. Minimal statistical weighting was used to calibrate the aggregate sample to known population percentages in relation to several key demographic variables.

"Born again Christians" are defined as people who said they have made a personal commitment to Jesus Christ that is still important in their life today and who also indicated they believe that when they die they will go to Heaven because they had confessed their sins and had accepted Jesus Christ as their savior. Respondents are not asked to describe themselves as "born again."

"Evangelicals" meet the born again criteria (described above) plus seven other conditions. Those include saying their faith is very important in their life today; believing they have a personal responsibility to share their religious beliefs about Christ with non-Christians; believing that Satan exists; believing that eternal salvation is possible only through grace, not works; believing that Jesus Christ lived a sinless life on earth; asserting that the Bible is accurate in all that it teaches; and describing God as the all-knowing, all-powerful, perfect deity who created the universe and still rules it today. Being classified as an evangelical is not dependent upon church attendance or the denominational affiliation of the church attended. Respondents were not asked to describe themselves as "evangelical."

"Downscale" individuals are those whose annual household income is less than \$20,000 and who have not attended college. "Upscale" people are those whose annual household income is \$75,000 or more and they have graduated from a four-year college.

The Barna Group (which includes its research division, The Barna Research Group) is a private, non-partisan, for-profit organization that conducts primary research on a wide range of issues and products, produces resources pertaining to cultural change, leadership and spiritual development, and facilitates the healthy spiritual growth of leaders, children, families and Christian ministries. Located in Ventura, California, Barna has been conducting and analyzing primary research to understand cultural trends related to values, beliefs, attitudes and behaviors since 1984. If you would like to receive free e-mail notification of the release of each new, bi-monthly update on the latest research findings from The Barna Group, you may subscribe to this free service at the Barna website (www.barna.org). Additional research-based resources, both free and at discounted prices, are also available through that website.

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