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Many Dismissing 'Donor Fatigue' as Myth

By [STEPHANIE STROM](#)

After Hurricane Katrina, Congress was so concerned that donations for hurricane relief efforts would cut into other charitable giving that it passed one of the biggest temporary tax breaks in history.

The legislation, which allowed a larger deduction than usual for cash donations, cost the government billions in revenue, but in some cases spurred wealthy donors — including Vice President [Dick Cheney](#) and his wife — to accelerate their giving.

But concern about so-called donor fatigue was largely unfounded, according to a new survey by the Association of Fundraising Professionals. Some 76 percent of the 506 respondents said they had raised as much or more in 2005 than they had in 2004. And among the nearly one-fourth of those organizations that said their fund-raising had fallen below their 2005 goals, most cited stiff competition for donor dollars from other charities, rather than donor fatigue caused by last year's natural disasters.

The survey is regarded as a harbinger of the more comprehensive study of annual giving also sponsored by the association, Giving USA, which comes out in June.

"The statistics are pretty clear," said Paulette V. Maehara, the association's president and chief executive. "The impact of Katrina and the tsunami on giving last year was minimal."

More and more leaders of nonprofit groups are dismissing donor fatigue as a myth. They note that the \$5 billion that was donated last year to relief efforts for Katrina and the tsunami in Indonesia amounted to less than 2 percent of the total donated to charity in 2004.

"I'm not aware of any data that support the concept," Michael Clark, president of the Nonprofit Coordinating Committee of New York, said, alluding to fears that charitable donations had fallen off.

"I just don't know what the evidence for it is," said Mr. Clark, whose group represents more than 1,400 charities in the New York metropolitan area.

Diana Aviv, president and chief executive of the Independent Sector, a trade organization representing some 550 nonprofit organizations, went even further.

"I think some of the nonprofits worrying about donor fatigue are simply crying wolf," Ms. Aviv said. "Often in the charitable sector, good news is hard for us to live with. It's easier for us to feel we're fighting many demons, including a funding demon."

In a recent survey by the Conference Board, a research company in New York, 89.4 percent of the 5,000 respondents said their donations for hurricane relief were in addition to, rather than in lieu of, the other charitable gifts they planned to make.

The tax break for charitable giving allows donors who made cash gifts from Aug. 28 through Dec. 30 to deduct an amount equal to virtually 100 percent of their annual adjusted gross income, twice the normal limit.

Mr. and Mrs. Cheney, for example, showed an adjusted gross income of \$8.82 million on their 2005 income tax report, but most of the money was not taxable because they set aside \$6.87 million in proceeds from stock options for charity. As a result, the Cheneys' taxable income was \$1.96 million. The couple paid \$2.5 million in taxes through withholding and estimated tax payments and are due a refund of about \$1.9 million.

Legislators said they passed the tax break out of concern that the flood of contributions pouring into relief organizations was diverting money from charities that were not involved in the hurricane and tsunami recovery efforts, and they cited what happened to charities after Sept. 11.

A number of respondents reported a decline in fund-raising in 2002, according to the Association of Fundraising Professionals' survey for that year. But 60 percent said fund-raising had remained consistent or had improved from 2001. There has been a debate ever since over whether the charities that experienced declines did so because of donor fatigue or the economic downturn that followed the terrorist attacks.

"There might have been a little fatigue right after Katrina, like what we saw after 9/11, but in short order after both those events, giving got right back on track," Ms. Maehara, the association executive, said.

Fund-raising experts said it was unlikely that the tax break accounted for the success reported in the association's survey because many charities did not know about it in time to capitalize on it.

"That was a sideshow," said Robert F. Sharpe Jr., a fund-raising consultant.

Mr. Sharpe said higher interest rates and stock gains, which affect the older people who are the biggest donors, were the biggest factors.

Delane Butler, the vice president of marketing at the United Way of the Plains in Wichita, Kan., said his organization probably benefited from coverage of the philanthropy directed at Hurricane Katrina.

"We were seeing that it was actually raising more awareness for the needs that are out there," Mr. Butler said. He

added that fund-raising was up by an average of 12 percent at 296 — or about a third — of the companies where the United Way ran workplace campaigns.

The group still saw a decline in fund-raising, but Mr. Butler said the falloff had more to do with changes in ownership and management of several large companies whose employees contribute to the organization. The Boeing Corporation, for instance, spun off part of the operations of a plant that was one of the area's biggest employers.

The organization raised \$14.1 million last year, a 9.8 percent drop from 2004. "I think if it had anything to do with donor fatigue, the decreases we saw would cut across all companies and not be limited to certain groups of companies," Mr. Butler said.

Similarly, the Union Gospel Mission in Seattle saw a \$300,000 budget shortfall looming in September after Hurricane Katrina hit. But the organization saw a turnaround after it mailed a special appeal to its regular donors, raising about \$14 million and exceeding its goal, according to Herb Pfiffner, its executive director.

"Donor fatigue, as the press is calling it, may be a factor, but it's only one of many and not a particularly big one, I think," Mr. Pfiffner said. "A bigger factor is that everyone is trying to do more in the way of fund-raising. There is a real and significant increase in appeals and competition for discretionary funds."

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