

Why Trump's Election Was a Financial Boon for Some Nonprofits

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The recent jump in individual donations to select nonprofits reflects public concerns over the fate of those organizations under the administration of president-elect Donald Trump, according to experts at the University of Pennsylvania and the University of Chicago. Among those nonprofits are investigative journalism website ProPublica, the American Civil Liberties Union (ACLU) and Planned Parenthood.

Ironically, these nonprofits might see a continued rise in individual donations precisely because of the opposition they face from Trump and his vice-presidential pick Mike Pence, the experts said. On the flip side, lesser-known nonprofits could see a dip in their donation collections, spurring the need to become more creative in aligning their work with the goals of businesses that might support them.

Signs of Public Unease

“Where that surge in donations is occurring gives you a clue as to what people in the country are concerned about,” said [Katherina M. Rosqueta](#), founding executive director of the [Center for High Impact Philanthropy](#) at the University of Pennsylvania. The spikes in donations to ProPublica, ACLU and Planned Parenthood “reflect concerns people have that those kinds of organizations, and the causes that they are fighting for, are at risk,” she added. The ACLU received roughly 120,000 donations totaling more than \$7.2 million in the five days after the latest election results, executive director Anthony Romero said in a recent [blog post](#). By contrast, the ACLU received 354 donations totaling \$27,806 in the same period after the 2012 presidential election, according to a [report](#) in *Business Insider*.

John List, chairman of the University of Chicago's department of economics, agreed with Rosqueta. "It sends you a sign that Americans view this in a very serious way and it is very important to them to step up and take account of what is going on in our economy," he said.

"Groups of people ... have a unity of vision that they would never would have had absent that shock that just happened in the election."—John List

Rosqueta and List discussed the factors driving the rise in donations to nonprofits on the Knowledge@Wharton show on Wharton Business Radio on SiriusXM channel 111. (Listen to the podcast at the top of this page.)

Much of the disquiet is over the policies Trump articulated during his campaign. If implemented, Trump's tax deduction proposals would decrease charitable giving in 2017 by between 4.5% and 9%, or by about \$13.4 billion to \$26.1 billion, the *Financial Times* reported, citing a study by the Tax Policy Center.

Other factors are related to fears of the impact of fake news and hate speech, much of which was attributed to Trump supporters during the campaign. The rash of fake news on social media during the election campaign has provoked much concern over its influence in Trump's victory. Some attribute the rise in donations to ProPublica has been attributed to comments comedian John Oliver made on *Last Week Tonight* after the election. Oliver urged people to donate to the news organizations they trust if they wanted good journalism.

Clearly, those factors have provided a rallying point for philanthropic giving. "Groups of people ... have a unity of vision that they would never would have had, absent that shock that just happened in the election," said List. "That very shock itself can lead people to join forces. People will come together and say, 'Now we have an evil who we are trying to beat.' Psychologists have taught us that when people have a focal point, they tend to engage in much more teamwork and they will put forward many more resources to beat that necessary devil or issue they see in their lives."

List recalled other instances where such sentiments drove donations. The ALS Ice Bucket Challenge in the summer of 2014 that brought in \$115 million, to raise public awareness about the amyotrophic lateral sclerosis disease. Hurricane Katrina in 2005 saw private donations at nearly \$3 billion, he noted.

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Perfect Storm

Philanthropic giving in the U.S. regularly sees a spurt in the weeks before the end of the year as people rush to claim deductions in tax returns. Nonprofits have capitalized on that in recent years by declaring the Tuesday after Thanksgiving to be Giving Tuesday. List said that

for charities he helps support, including Smile Train, a nonprofit that provides corrective surgery for children with cleft lips and palates, the next month or so account for three-quarters to 90% of the gifts they get in any year.

Now, however, other factors are also helping drive philanthropic giving, said List. “It’s the perfect storm,” he said. “People are seeing a robust economy; not because of Trump, but in general the economy is turning around.” He noted that incomes are rising “at nearly every percentile.”

Rosqueta agreed that those factors make for the perfect storm that List described, but noted that “the election has made [donors] more serious and thoughtful about where they direct their money.” She said that people must ask two questions as they decide where to make donations. “One, of the various causes out there, what is the one you want to have the biggest impact on this year? And once you have clarity on that, which organization seems best positioned to deliver that?” she said. Her center recently released its [High Impact Giving Guide](#), which aims to help people find answers to those questions.

Where from, and for How Long?

It appears that Americans are consistent in their overall philanthropic giving through economic ups and downs, even if they switch between the causes and organizations they support. Donors have historically given between 2% and 2.5% of their income to charitable causes over the years, said List, adding that “this has been incredibly stable over several decades.” An event like Hurricane Katrina or the 2004 Indian Ocean earthquake and tsunami might lead to a bump in giving to those causes. But some of those donations could come from people reallocating their money from other causes, and “overall charitable giving to all organizations doesn’t change a lot,” he added.

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Rosqueta said “philanthropy in the U.S. has a long tail,” noting that of the almost \$400 billion of philanthropic capital allocated each year, 70% to 80% comes from individuals, and of that, a disproportionate amount are in small gifts. List pointed out that such giving is also usually concentrated among a small number of givers.

The latest trend of increased donations to select nonprofits could continue if they see major cuts in public financing, said Rosqueta. “The election has brought up a lot of issues that have made them urgent for many people,” she added. “But in a way we’re doing exactly what Americans have always done, which is support those nonprofit institutions that individuals across the country feel are necessary to have a strong society.”

List said he would want to check the impact Trump continues to have on giving to nonprofits that feel threatened by his policies. “I’d be interested in seeing if Trump is able to keep doing these things that are spurring gifts to organizations, and whether that itself is an opportunity to get out of the 2%-2.5% band of income going to 501(c)(3) s,” he added.

Trump and Pence criticized organizations like Planned Parenthood during the elections to gain votes, said List. But if they continue to do that now, “that strategy will most certainly fail and show up in a spurt in individual donations to those organizations” he added. “The very act of proclaiming that these are bad organizations ... is the best way to increase the resources for organizations like that, not decrease it.”

The spurt in donations to some nonprofits could end up costing others that are not on the radars of donors. List said that unlike Planned Parenthood or ACLU, which have high profiles, some of the smaller organizations “that are behind the scenes and on the back page might suffer a slow and painful death.” Rosqueta pointed to some ways out of those situations for smaller organizations. They could become “more educated and savvy and on how the business sector might be aligned with some of their goals,” she said. “The philanthropic pot is still too small to address all the needs and causes that these nonprofits are trying to address.”