

Cultural Philanthropy Impacted by COVID-19

September 2020

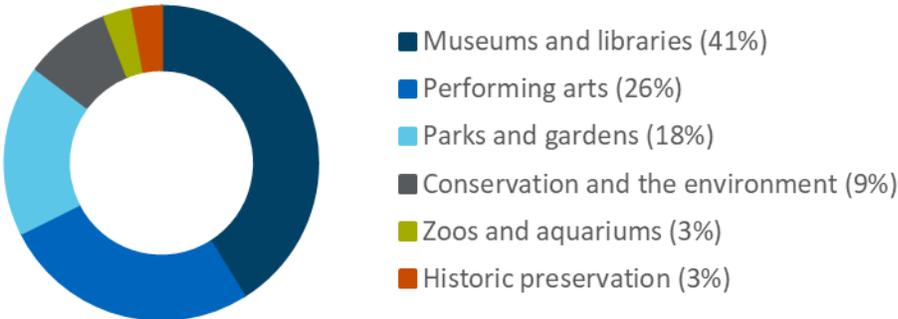


A Survey of Cultural Philanthropy Impacted by COVID-19

As the cultural sector continues to adapt to sudden operational and financial setbacks due to the pandemic, development teams are adapting to new ways of engaging members, subscribers, ticket holders and donors. Marts & Lundy developed a brief survey to learn how development teams are most effectively maintaining productivity during this challenging time while equitably evaluating performance. The survey asked participants to categorize how they are making adjustments across their development operation, based on organizational plans as of July 2020.

Respondents by Organization Type and Location

A total of 34 cultural institutions participated in the survey. Canada and the United States are represented in responses, with 13 states and Washington, D.C. represented in the U.S.



Location	Count
United States	24
California	6
Colorado	1
Florida	1
Georgia	1
Illinois	3
Maine	1
Minnesota	1
Missouri	1
New York	3
Pennsylvania	2
Texas	1
Vermont	1
Washington, D.C.	1
Wisconsin	1
Canada	10

Summary of Findings

Nearly half of cultural institutions have re-opened to the public using social distancing requirements.

More than 45% of cultural institutions have re-opened in some fashion and most have opened to the broad public using social distancing requirements. Museums, libraries, parks and gardens have been most likely to re-open to the public, with almost no performing arts organizations resuming public programming yet. Re-opening statuses are similar in Canada and the U.S. Most institutions that have re-opened did so in June and July. Of the 41% that have not yet opened, re-opening dates span a wide swath of time, including into next year.

Most performing arts organizations are encouraging ticket holders/subscribers to donate tickets back to the organization.

Most performing arts organizations have encouraged ticket holders/subscribers to donate tickets back to the organization (67%). While most common at performing arts organizations, other organization types have also done so, including at least one responding conservation organization, museum and park. Accounting for all organization types, approximately 7% to 53% of tickets have been donated back to the reporting organizations as of the end of June 2020, with total dollar values ranging from \$2,000 to \$1.2 million. Of those constituents who donated their tickets back to the organization, nearly 70% had never given to the organization before, while up to 20% had not been donors to the organization within the last five years. This presents a significant opportunity to engage a new population in philanthropy.

Most cultural institutions have undertaken COVID-specific fundraising initiatives.

Nearly two-thirds of cultural institutions have undertaken COVID-specific fundraising initiatives. Short-term gap funding for the current and next fiscal years is the primary purpose for which these initiatives have been designed. However, performing arts organizations have been most likely to designate these funds for working or investment capital for start-up initiatives with a longer duration, likely to support long-term digital initiatives. While the median fundraising goal of these initiatives is \$120,000, goals reach as high as \$30 million. Most cultural institutions

have designed challenge strategies to encourage giving to these initiatives, and it is anticipated that most board members will give significantly to these efforts.

Few cultural institutions have undertaken fundraising initiatives specifically related to combating racial injustice.

Only one-third of cultural institutions have undertaken restricted gift fundraising initiatives specifically related to combating racial injustice. While the median fundraising goal of these initiatives is \$275,000, goals reach as high as \$15 million. No responding institutions have designed challenge strategies to encourage giving to these initiatives and only two (of six) institutions anticipate board members giving significantly to the effort. By comparison, a July 2020 survey indicated that financial support for diversity, equity and inclusion had gained prominence at 48% of U.S. higher education institutions.

A decline in fundraising productivity from FY20 to FY21 is expected at most cultural institutions.

More than half of cultural institutions decreased FY21 fundraising productivity goals to below FY20 actuals, and decreases ranged from 10% to 60%. Only 15% of institutions increased their FY21 goals above FY20 actuals, including most parks and gardens. More than half of performing arts organizations kept FY21 goals flat with FY20 actuals, and no responding Canadian cultural institutions increased their FY21 goals above FY20 actuals.

As of July, many cultural institutions had been able to maintain their staffing levels.

Most cultural institutions have been able to maintain their same level of FTEs. This is the case across institution types, with the exception of museums and libraries, which have been most likely to decrease FTEs. Results are similar across the U.S. and Canada. In the U.S., these results were likely impacted by organizations receiving Paycheck Protection Program funding that promoted keeping staff and was still in effect at the time of the survey. As that funding expires, it is likely more organizations will see staffing reductions.

Gift officer metrics are changing with the shifting times.

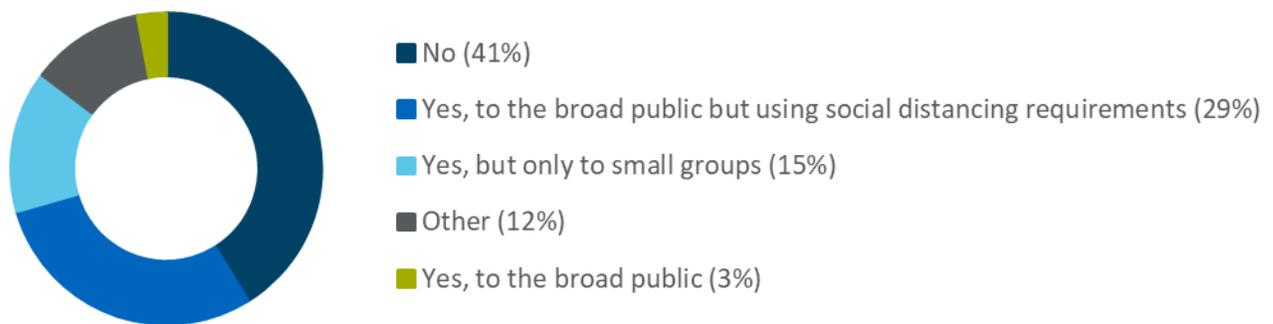
Nearly half of cultural institutions are adjusting FY21 gift officer metrics, while 30% were undecided at the time they were surveyed. The most common adjustments are decreasing dollar goals, increasing the number of expected contacts and/or decreasing the expectation for number of solicitations and closures. One-third of respondents have not instituted any new gift officer metrics as a result of COVID-19. The institutions introducing new metrics have focused on meaningful contacts versus visits, stewardship of major gift prospects, portfolio review and cleanup and/or professional development.

Detailed Findings and Analysis

Nearly half of cultural institutions have re-opened to the public using social distancing requirements.

Forty-seven percent of cultural institutions have re-opened in some fashion, and most have opened to the broad public using social distancing requirements. Museums, libraries, parks and gardens have been most likely to re-open to the public, and re-opening statuses are similar in Canada and the U.S. Most institutions that have re-opened did so in June and July. Of the 41% that have not yet opened, re-opening dates span a wide swath of time, including into next year (August 2020 to October 2021).

Has your cultural organization re-opened?



Date re-opened:

Month Re-opened	Count
May 2020	2
June 2020	6
July 2020	6

When do you anticipate opening/performing?

Anticipated Re-opening	Count
August 2020	2
September 2020	2
October 2020	1
January 2021	4
March 2021	1
May 2021	1
October 2021	1

Most performing arts organizations are encouraging ticket holders/subscribers to donate tickets back to the organization.

Most performing arts organizations have encouraged ticket holders/subscribers to donate tickets back to the organization (67%). While most common at performing arts organizations, at least one responding conservation organization, museum and park have also done so. Canadian organizations have been more likely to encourage this contribution (80% vs 50% of U.S. performing arts organizations). Accounting for all organization types, approximately 7% to 53% of tickets have been donated back to the reporting organizations as of the end of June 2020. Those percentages translate to 481 to 28,246 tickets with a total dollar value ranging \$2,000 to \$1.2 million. Of those constituents who donated their tickets back to the organization, nearly 70% had never given to the organization before, while up to 20% had not been a donor to the organization within the last five years. This presents a significant opportunity to engage a new population in philanthropy.

Has your organization encouraged ticket holders/subscribers to donate tickets back to your organization?
(performing arts organizations only)



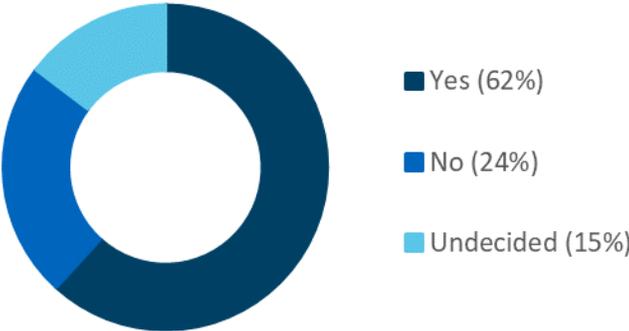
Most cultural institutions have undertaken COVID-specific fundraising initiatives.

Most cultural institutions (62%) have undertaken COVID-specific fundraising initiatives, and this is consistent across institution types in the U.S. and Canada. Short-term gap funding for the current and next fiscal years is the primary purpose (62%) for which these initiatives have been designed. This is consistent across organization types and regions, with the exception of performing arts organizations, which have been most likely (60%) to designate these funds for working or investment capital for start-up initiatives with a longer duration, likely to support long-term digital initiatives. While the median fundraising goal of these initiatives is \$120,000, goals range from less than \$100 to as high as \$30 million. Most cultural institutions have designed challenge strategies

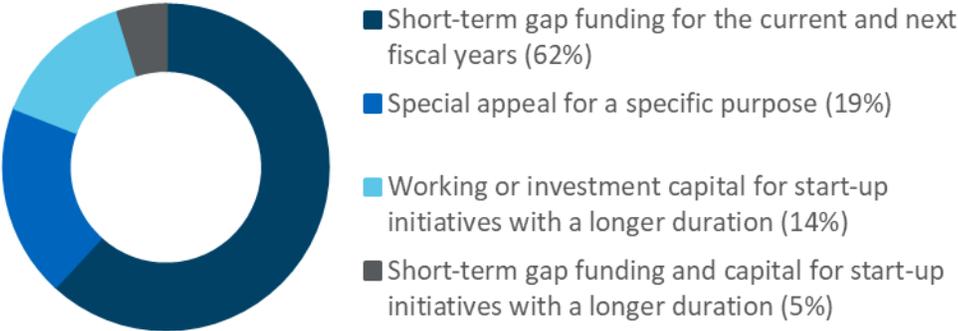
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(75%) to encourage giving to these initiatives and anticipate that board members will give significantly to these efforts (71%).

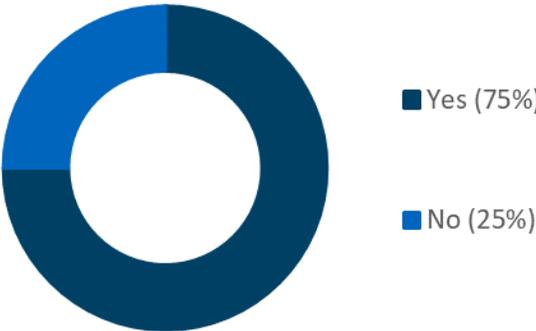
Are you undertaking any COVID-specific fundraising initiatives?



For what purpose have these fundraising initiatives been designed?

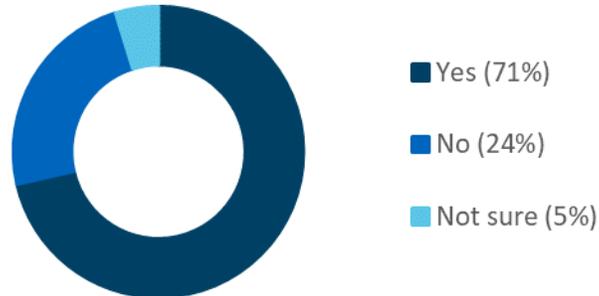


Is this designed as a challenge strategy?



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Do you anticipate the board giving significantly to this effort?

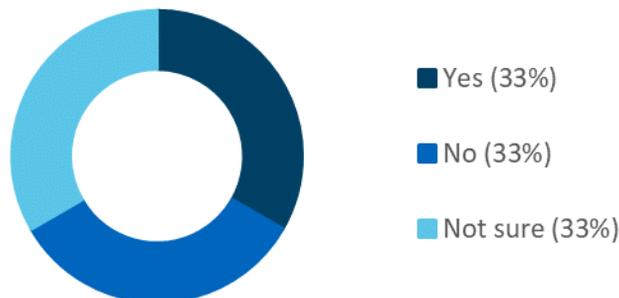


A July 2020 survey of education, healthcare and culture, arts, advocacy, research and environment (CAARE) organizations indicated that more than half of organizations (54%) had placed an increased emphasis on unrestricted support and 45% had added an appeal for emergency funding. CAARE organizations were most likely to place an increased emphasis on unrestricted support (72%).

Few cultural institutions have undertaken fundraising initiatives specifically related to combating racial injustice.

Only one-third (33%) of cultural institutions have undertaken restricted gift fundraising initiatives specifically related to combating racial injustice. Only six performing arts organizations, museums and libraries responded to this question. The sole performing arts organization responding has undertaken this as an initiative while only one of five responding museums and libraries has done so. While the median fundraising goal of these initiatives is \$275,000, goals reach as high as \$15 million. No institutions have designed challenge strategies to encourage giving to these initiatives and only two (of six) institutions anticipate board members giving significantly to the effort.

Are you undertaking any restricted gift fundraising initiatives specifically related to combating racial injustice?



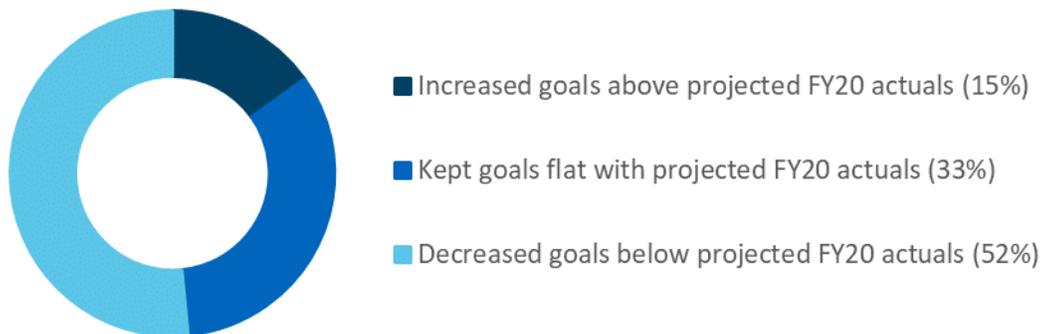
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A July 2020 survey of education, healthcare and CAARE organizations indicated that financial support for diversity, equity and inclusion had gained prominence at 36% of organizations, including 48% of higher education institutions.

A decline in fundraising productivity from FY20 to FY21 is expected at most cultural institutions.

More than half of cultural institutions (52%) decreased FY21 fundraising productivity goals to below FY20 actuals, with decreases ranging from 10% to 60%. Only 15% of institutions increased their FY21 goals above FY20 actuals. Most parks and gardens (67%) increased their FY21 goals, while most performing arts organizations (56%) kept FY21 goals flat with FY20 actuals. No responding Canadian cultural institutions increased their FY21 goals above FY20 actuals.

Regarding FY21 fundraising productivity goals, have you: increased goals above projected FY20 actuals, kept goals flat with projected FY20 actuals or decreased goals below projected FY20 actuals?

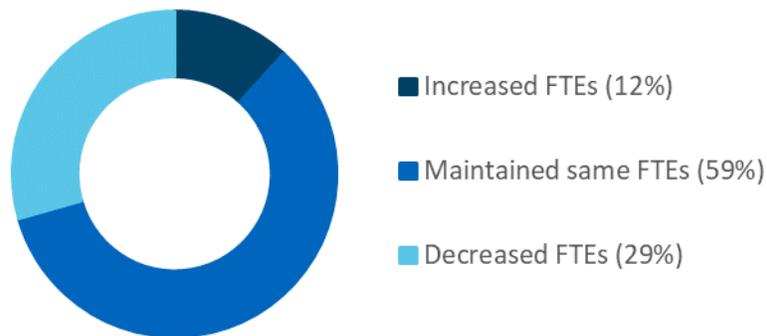


A July 2020 survey of education, healthcare and CAARE organizations indicated that 39% of organizations saw a *decrease* in total gift revenues in FY20, and 45% expect a *decrease* in FY21. More organizations expect FY21 revenues to remain *flat* (40%), rather than *increase* (15%). Fifty-one percent of CAARE organizations anticipated a *decrease* in FY20 total gift revenues, while 34% expect a *decrease* in FY21 revenues. Nearly half of CAARE organizations (45%) presume FY21 total gift revenues will remain *flat* (compared to FY20).

As of July, many cultural institutions had been able to maintain their staffing levels.

Most cultural institutions (59%) have been able to maintain their same level of FTEs. This is the case across institution types, with the exception of museums and libraries, which have been most likely (50%) to decrease FTEs. Results are similar across the U.S. and Canada. In the U.S., these results were likely impacted by organizations receiving Paycheck Protection Program funding that promoted keeping staff and was still in effect at the time of the survey. As that funding expires, it is likely more organizations will see staffing reductions.

Regarding FY21 staffing, have you increased FTEs, maintained same FTEs or decreased FTEs?



A July 2020 survey of education, healthcare and CAARE organizations indicated that budget reductions were impacting development teams broadly, with 34% cutting program expenses and staff, 45% cutting program expenses only and 8% cutting staff only. However, 33% of CAARE organizations were cutting program expenses and staff and 11% were cutting staff only.

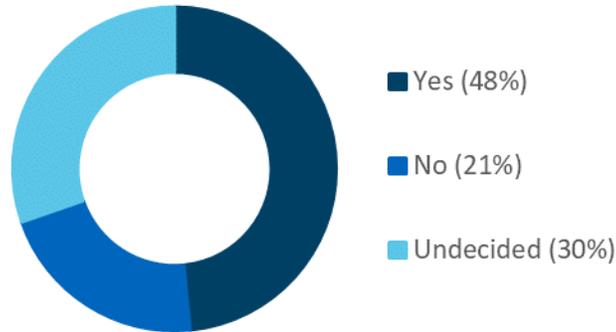
Nearly half of development teams (45%) had instituted hiring freezes as one way to manage expenses, and 22% of organizations had implemented furloughs and/or layoffs. Overall, 33% of organizations were expecting no staff eliminations or hiring freezes.

Gift officer metrics are changing with the shifting times.

Nearly half of cultural institutions (48%) are adjusting FY21 gift officer metrics, while 30% were undecided at the time they were surveyed. The most common adjustments are decreasing dollar goals (63%), increasing the number of expected contacts (50%) and/or decreasing the expectation for number of solicitations and closures (44%).

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Are you planning to adjust FY21 gift officer metrics?



How are you specifically planning to adjust FY21 gift officer metrics? (select all that apply)

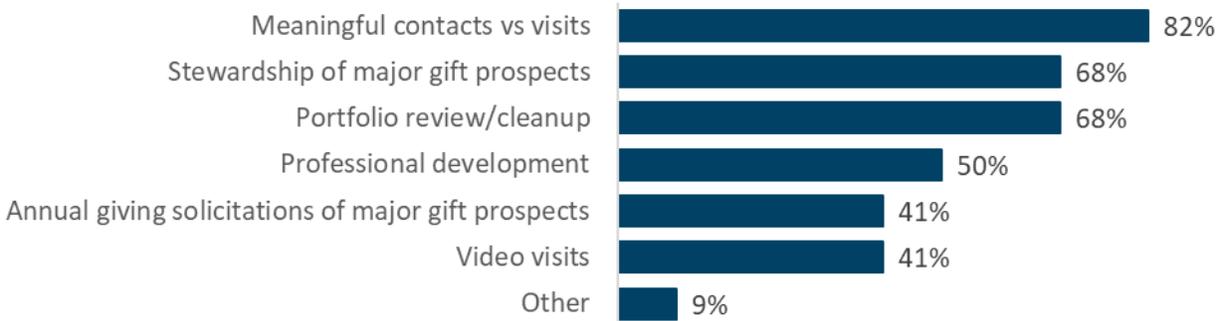


A May 2020 survey of education and healthcare organizations indicated that 37% of organizations planned to adjust FY21 gift officer metrics, while 34% were still undecided. The most common change made (62%) was decreasing the expectation for dollars raised.

One-third of respondents have *not* instituted new gift officer metrics as a result of COVID-19. The institutions introducing new metrics have focused on meaningful contacts versus visits (82%), stewardship of major gift prospects (68%), portfolio review and cleanup (68%) and/or professional development (50%).

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Have you instituted any new gift officer metrics as a result of COVID-19? (select all that apply)



A May 2020 survey of education and healthcare organizations indicated that 85% of organizations had developed new gift officer metrics as a result of the pandemic. These changes focused on stewardship of major gift prospects (6%) and portfolio reviews and cleanup (55%), seeing this time as an opportunity to enhance relationships and refine donor strategies. Many were also revising standards for how donor contact should be measured in this shifting environment (50%).

