FTC / NASCO Give & Take: Consumers, Contributions, and Charity Conference
March 21, 2017
Segment 1
Transcript

[MUSIC PLAYING]

JANICE KOPEC: Conference, Give and take, focusing on consumer contributions and charity. My name is Janice Kopec, and I'm an attorney with the FTC's Division of Marketing Practices. And it's my job to spend just one or two minutes giving you some logistical details about the day.

So before we get started, I wanted to remind everyone of just a couple of things. One, if you're here in the auditorium, I want to remind you that, if you leave the FTC building without an FTC badge, you will be required to go back through security, including going through the full security process. So be mindful of exiting and entering. Restrooms are just outside of the auditorium. Coffee is across and down the hall. And then the cafeteria, if you go out of the auditorium and go to the left, you'll find your way there.

In the event of a fire or an evacuation--

We are a generous nation. Total US giving in 2015 reached $373 billion dollars. Individual

of the donors admitted that they make spur of the moment decisions to donate, rather than conducting a lot of research before giving. I've never done that.

As many of you sitting in this room know, these results contradict what we advise donors to do--to be generous, but be cautious. To take time to do your homework. Don't give in to high pressure solicitations. Ask questions about how much money goes to professional fundraisers, and so on. All that good advice that we give.

Additionally, part of the survey included a quiz to gauge what respondents knew about keeping themselves safe from fundraising scams. This, too, revealed that consumers don't necessarily know critical information that can help them determine whether a charity is legitimate or fraudulent. For example, 80% of our respondents said that the best way to determine trustworthiness of a charity is to look at its financial performance, which we all know is not really a good indicator. Donors need to look at ethics. They need to look at governance, and the charity's results, to make that determination. Additionally, over a third of the respondents didn't know that high administrative costs, and low spending on charitable programs, could, in fact, be indicators of fraud.

What these results tell me is that we should be doing exactly what we are doing here today--

My office has a long history of successful partnerships with the FTC in enforcement and education, including the historic multi-state enforcement action that Tom mentioned against Cancer Fund of America, and its related so-called charities. I'm so honored to be kicking off yet another example of FTC's strong partnership with the states, and with state attorney generals in protecting consumers.

I, too, can't wait to get started on this agenda, and what promises to be a very interesting and informative day with you.

Thank you all so much. Enjoy learning together. And I appreciate the opportunity to be with you and learn myself. Thank you so much.

[APPLAUSE]

KARIN KUNSTLER GOLDMAN: Good morning, and thank you all for being here, and for watching on the web. My name is Karen Kunstler Goldman. I'm the Deputy Bureau Chief of the Charities Bureau in New York state, and I've been in that job for quite a while, or at least at the attorney general's office for quite a while. And when I was talking with my granddaughter, my 9-year-old granddaughter, Sadie, the other day, she was asking me why I was going to Washington. And I tried to explain to her what we were doing here. And she said, well, how was it in the olden days when you didn't have the internet? And so I realized that, when I started at the attorney general's office in New York, it really was the olden days.

Tomorrow is the 30th anniversary of my arrival at the AG's office. And when I was looking through the material for this conference, I thought about the vocabulary that's being used-- online giving with checks. But giving is evolving. And state regulation in the charity sector will continue.

And so I've been asked to talk to you a little bit about a report that was issued by the Urban Institute that I had the good fortune to work on. And Cindy Lott, who's here, spearheaded that report. And what the report looked at was the structure of state charity offices-- how are we organized around the country? What is the oversight authority of state charity regulators? And what tools are used by them to do their regulation?

The study was of the states and the territories, a survey of 47 jurisdictions. We looked at the staffing differences, size, shared oversight with other agencies, registration of charities, and fundraisers or not. Some states do not have registration. And I can't do justice to the report in the few minutes that are assigned to me. And for those of you who are not up here, there are some big red numbers facing us, timing us to make sure we stick to schedule. But I want to give you a flavor of the range of what was found out during this study, and I urge you to take a look at it. I think it's been sent with your materials. If it hasn't, it's easily accessible on the Urban Institute's website.

So one of the slides was just put up. You look at those bubbles, and you'll see that the attorneys general have a lot of jurisdiction in a lot of areas, and they exercise that jurisdiction oft and work together with the sector, and the people who contribute, to educate them on what they should know about charities before they make their

TRACY S. THORLEIFSON: Good morning. My name is Tracy Thorleifson. I'm an attorney with the Northwest Region of the Federal Trade Commission. And as Karen explained to you state authority over charities, I'm going to talk to you a little bit about the FTC's authority in the charitable sector, and explain to you why we're here today at the Federal Trade Commission and co-sponsoring a conference with the National Association of State Charities Officials.

The FTC is the nation's consumer protection agency. That means that we want to protect consumers' interests, whether they are paying for a good or service, or making a donation. Our enabling statute, the Federal Trade Commission Act, is very broad, and empowers the FTC to prevent unfair or deceptive act to practices in, or affecting, commerce by persons, partnerships, or corporations.

There is one catch when it comes to charities, however. The FTC Act defines a corporation subject to it as an entity organized for the profit of itself or its members. That pretty much leaves out legitimate charities. It does leave open, however, sham charities, sham nonprofits, and for profit fundraisers. Courts have interpreted organized to mean not just how an entity is organized in paper, but also how it is operated. They look at the company's actual practices, and care whether or not individuals are being paid and profiting, regardless of the status of the corporation.

Similarly, courts have interpreted the word profit to go beyond simply paying money. The word profit has been interpreted to include non-pecuniary compensation. For example, providing loans to officers or directors, employing family or friends of officers or directors, or other actions that benefit the private individuals running the charity.

In addition to the FTC Act, we also enforce the Telemarketing Sales Rule. The TSR, whose jurisdiction is coextensive with that of the FTC Act, covers charitable solicitations made by for profit fundraisers via telephone. The TSR specifically prohibits false and misleading charitable solicitations, and imposes certain calling restrictions on fundraising calls by for profit companies. Fundraising calls are exempt from the National Do Not Call Registry, but other do not call provisions apply to them.

spent, from promises of pain medication for children suffering from cancer, payment for hospice care for dying cancer patients, promises of direct financial aid to indigent cancer patients, claims of providing medical equipment, or even transportation to chemotherapy appointments--anything to tug at donors' heart strings. But the claims were false, and charities were, we alleged, organized for the profit of the individuals who operated them and their family members, friends, and their fundraisers.

At the end of the day, the sham charities provided virtually none of the specific heart-tugging programs described to the donors. No pain meds, no hospice care, no medical equipment, no transportation to chemotherapy, et cetera, et cetera. Instead, the money was spent on fundraising costs, salaries, and benefits for the family members of the people who ran the charities. Regardless of the qualifications, the entire family was employed at each charity.

While I could keep telling you hair-raising facts about the Cancer Fund defendants, the case has a somewhat happy ending. The case settled. The individuals are banned from ever soliciting charity, or handling charitable funds, and the corporations are in receivership. Their assets have been liquidated. And their very existence will be shortly dissolved. Never again will these individuals, or these companies, steal in the name of charity.

Cancer Fund continued a long tradition of FTC-state cooperation in the fight against charity fraud. We routinely have brought enforcement sweeps targeting charity fraud, ranging from badge-related fraud back in 1997, to telemarketing and other charity fraud throughout the years.

So I will try to make this as exciting as possible without my PowerPoint. But I'm going to talk about several cases that state AGs, and other state enforcement authorities, have brought over the office cited to de minimis, if any amount going to a charitable purpose as evidence of violations of Michigan's charitable fraud statutes.

So the next action I want to talk about-- again, just against a charity-- is the New York AG's action against the National Vietnam Veterans Foundation, or Americans Veterans Support Foundation. Again, this is an action just against the charity, although the settlement that the New York AG's office entered into with the organization, and two of its officers, provided that they would cooperate with ongoing investigations of the professional fundraisers used by the charity. This is a case, again, where the paid solicitors were taking about 88% of the money that was raised through telemarketing campaigns.

And what the New York AG's office said was that the remaining amounts that actually went to the charity were further diminished by fraud and misuse. And specifically, what was happening is that money that was being raised was going primarily to fund the living expenses of the charity's founder, John Burch, who was using the charity's money to fund his life insurance, his medical insurance, parking, housing costs, as well as lavish dinners and expenditures at nightclubs. In addition, the money that was put in the organization's emergency assistance fund, Mr. Burch was using to pay friends and relatives, as well as to make large payments of money on the order of $10,000, $20,000 to women that were not assatcif0Tj EMC 4(l)-2(e)4(m)-2(a)edl asi(nt)-2(6t)-2-2-v

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So the final charity-only action that I will talk about is, again, Michigan's action against the Breast Cancer Outreach Foundation, which is a Florida charity. And that action arose out of the Michigan AG's investigation of Courtesy Call, Corporations for Character, other paid solicitors. But what they found was that this organization, in its scripts, was representing that they were raising money for breast cancer research, and to find a vaccine for breast cancer. And in fact, that was not the case.

The AG's office found that the vast majority of funds, again, went to pay for either paid fundraisers, or a gift in kind program that had a tenuous relationship to the charity's mission. They also found that the charity had improperly allocated costs, doing something called joint cost allocation, had improperly allocated about 40% of their fundraising costs as programs services costs. The Michigan AG's office found that that was improper and evidence of fraud.

The ultimate settlement there was that the charity will pay $150,000 to the AG's office, with $125,000 of that actually going to breast cancer research.

I'm told I have minimal time, so I will talk about one action against a paid solicitor, and then the final case I want to talk about, we had actions against both the paid solicitor and the charity.

So Minnesota brought an action in 2016 against Associated Community Services. And it arose out of looking at solicitations for a charity called Foundation for American Veterans. In this particular instance, the Minnesota complaint really details how the paid solicitor used this relatively small charity to churn fundraising dollars that ultimately went to the paid solicitor.

The complaint talks about howid s tn (r)5(n (r)5(0.002 (l) (l) Tw 0 p(r)ma)4 2016mB(l) 10(e)4(n (r5(it)-9.4 22

through a GoFundMe campaign. And so that was seen as highly successful. Obviously, and the funds, as far as anyone knows, went where they were supposed to go.

There is at least one notable, though moderate in amount, scandal. There was, in the wake of the Boston Marathon bombing, an individual who tried to scam money out of various sources, including by running a GoFundMe campaign. And that campaign raised a little over $9,00. Now, she was caught, and she actually pled guilty eventually. And the amount is relatively modest.

There is one other thing I should note about crowdfunding, which you may have heard of

The court basically rejects the defendant's First Amendment argument. The defendant argued that only fraud claims could be pursued against charitable organizations. The court swatted that down and said, look, the court isn't talking about fraud literally, it's talking about misrepresentations and false statements of fact. And the court, of course, allows the FTC's claims that the charity be engaged in false and deceptive and misleading statements to go forward.

So with respect to the key kinds of claims that law enforcement agencies care most about, false and deception, claims that are intended to inflate what the charity is doing and minimize the fact that most of this money is going right into the pockets of the fundraisers. Those kinds of claims are certainly actionable, and there is no First Amendment defense to them.

The one area where I think the court probably sort of missed the boat, or sort of gives mixed signals, are deceptive omission claims. So if you work in this field, one sort of tool that you have is arguing that a statement is misl

And we're going to hear about how we go forward from here, how we enter the 21st century with regard to donations, with regard to enforcement, with regard to charities in general. And thank you, Tracy and Janice, for organizing this. It's going to be a very exciting day.

[APPLAUSE]

KAREN GANO: Good morning. I'm Karen Gano. I'm Assistant Attorney General on the Charity's Unit at the Connecticut Attorney General's Office. I'm also the President of NASCO for this year and next year. I want to thank Director Pahl and the FTC for hosting and initiating this very important first conference on charitable giving with the FTC. And I want to thank General Coffman for her leadership in raising the profile of charities in society and among the attorneys general in a very important time of transition, when it's critical that we have expanded knowledge among our leaders. Appreciate it very much.

NASCO is also very pleased, and proud, to co-host this conference. NASCO, as most of you know, is made up of all the attorneys general offices in the United States. All have jurisdiction with regard to charities and protecting charitable assets. There are also 20 states that have statutory authority over charities and charitable solicitations through a different office, in addition to the attorney general jurisdiction. About 15 of those are in Secretary of State's offices. The others are in various offices-- in Connecticut, in the Department of Consumer Protection.

We act together as a unit to try to inform and educate ourselves. And we are beginning to work better and more agilely to come together to address 21st century policy issues. As Professor Mato tor

Dr. Osili is-- the Giving USA, which I mentioned, is a tiny, tiny piece of what she does. It's almost exhausting to read. Besides being at the Lilly School, where she is Director of Research, she is also a Professor of Economics and Philanthropy Studies at Indiana University-Purdue University in Indianapolis. She does extensive research in behavior of households, foundations, and corporations. Her research is also associated with families, in the work with the Indiana University-Purdue University, and giving behaviors, and saving behaviors. I was pleased to see also that she is the current Chair of Research Committee of the Women's Philanthropy Institute.

I think you can read additional information about both of them, but I think we're very privileged to have both of them here. Are we starting with Dr. Boris? Thank you.

[APPLAUSE]

ELIZABETH TROCOLLI BORIS: Thank you, Karen. And thank you Tracy for organizing this wonderful event today. As Karen said, I've been working with NASCO and NAAG and the IRS on issues of regulation and data, and it's just a great pleasure to be here today. You're very hard to see because of the lights, but I'm hoping that this will work.

So my assignment today is to give you the brief run through of what the charitable sector looks like. First, the nonprofit sector, all the nonprofits. Then, focusing in on what we call operating public charities. We get this information from the Urban Institute through our National Center for Charitable Statistics. There's a new edition of the Nonprofit Almanac, that you can find information on, on the Urban Institute's website.

We do what we can with the information-- excuse me-- that we have from the 990s. Also, using Bureau of Labor Statistics, and any other things we can get our hands on. But as you know, these data are scattered. You have to do a lot of estimations, and you have to work with a lot of your friends to get the data that we're going to give you today.

A word about the Urban Institute. It's a nonpartisan research outfit. I created and headed the Center on Nonprofits and Philanthropy more than 20 years ago and, with it, brought the National Center for Charitable Statistics. So the data that I'm going to be giving you today really comes from those sources.

So about the nonprofit sector. As the folks in this room all know, they do many, many things. So their activities are amazing. A variety, communities, nationally, internationally, from basic feeding of people to very complex research, from one-on-one tutoring and mentoring to online education and engagement. So there are lots of activities.

Getting your hands around this elephant is difficult indeed, especially when you're coming at it from a regulatory perspective. Their roles in society are many. Contributions to individual and community well-being, impact on civic engagement. It is just something that we don't talk about, in my perspective, enough. We also have economic impacts, which we'll go into to the extent that we can. And then, relationships with government and business.

expenses \$1.62 trillion. Their assets about \$3.32 trillion. These are not including foundations now. So again, even if you just look at the charities, it's still a significant chunk of the economy.

Now, if we look at the kinds of charities that we have, these are familiar to all of you in this room, I'm sure. But the largest group are human services organizations-- about one third of the charities are human services. It might surprise you to find that international organizations are the smallest group, about 2%. But coming up from the bottom-- education, about 17%, health, about 11%. And we'll talk about that these are the numbers by type.

So you can see, according to the way we think about the sector, human services are the biggest group. And when we think about now the actual expenditures, we have a different story. Most nonprofit charities are very small organizations. Look at the bottom of the chart. Those with less than \$100,000 are about 30% of organizations, and their share of the economic pie is quite small.

So when we think about the organizations that we're dealing with in the sector, it's only about 4% that have \$10 million or more. And that's where all the attention is really focused. When we talk about going to scale, when we talk about organizations that have significant staff, significant salaries, significant facilities, we get up to those large organizations, which are a small piece of the pie.

Charity sources of revenues-- again, this is probably common knowledge to most of you, but the largest source of revenue, which may be a surprise, is fee-for-service. This has changed over the years, but almost half of the revenues for charities come from fee-for-service. Again, you're talking big organizations, like hospitals and higher Ed. If we took those out of the equation, probably 25% would be coming from contributions. As it is, if we look at the whole charitable sector, it's about 12%. Government grants, about 8%. Investment income, about 5%. And most organizations rely on a mix of these revenues, which means that organizations have different constituencies, and they often have revenues from many of these sources, which means that they require multiple ways of accounting and reporting, which I'll talk about in a minute.

But that puts a real burden on smaller nonprofits, and those that don't have a strong infrastructure. We often tell nonprofits to diversify their revenue sources. Well, you can see what that might mean when you mix up user fees, government grants and contracts, private contributions, investment income, and event income. And then go to the newer forms of online fundraising, crowdsourcing, and whatever. Very complicated revenue streams.

If we talk a little bit about government grants and contracts, the study that we did at the Urban Institute in 2010, and again in 2012, we found that there are nearly 350,000 contracts and grants with nonprofits. And of the 55,000 that had those contracts and grants, they average about six different contracts or grants with government. Again, a very complicated stream of revenue for nonprofits. We found about \$137 billion worth of grants and contracts in 2012. The study details the problems nonprofits experience with government funding, as well as potential solutions.

For example, late payments. We started doing this research after we heard many, many nonprofits complaining about, after the recession of 2008 2009, 2007, that they weren't getting paid on time. 90 days late payments from government, 180 days late payments. So we did this nationally representative study to find out what were the issues. How many organizations are involved? And we found significant problems with reporting late payments, complicated accounting requirements. And working with the National Council of Nonprofits, we provided them with our findings. And they started advocating at the state level to fix some of these problems.

And in California, for example, there's now an effort to get full payment. Because one of the really big issues was nonprofits were not being paid adequately for their overhead, or their administrative expenses. We regulators might, or you regulators, might focus on the exorbitant salaries, or administrative expenses, but the real problem in nonprofits is that they're not getting paid for the overhead and the administrative expenses that they do incur in carrying out many of provided 71% of that, foundations about 16%, and when I talk to international groups, they are stunned to see that foundations are only worth about 16%. Their perception of how things go in the United States is often, foundations do most of the giving. Corporations, about 5%. And research that we're collaborating on now seeks to understand how to raise the percentage of giving from 2% of personal income, where it's hovered for about 50 years, and working with the AFP and other organizations, we're trying to see if there aren't some ways to raise that level.

The distribution of private contributions, according to Giving USA, 32% of giving is to religious organizations, down from about 34.7% in 2008. So we are seeing a slippage there. Education gets about 15%, human services about 12%, gifts to foundations about 11%, health 8%, et cetera. As you can see, gifts to individuals, which is a category that I don't often see on this slide, about 2%. So this is where the giving-- the individual, corporate, and foundation giving-- goes.

Now, I'd like to talk a little bit about civil society trends as I kind of wrap up what I'm talking about. There are many things that are happening in society. They affect the nonprofit and charitable sector, as they do all of us. There's a time of great change in our society. Globalization, greater civil society trends, greater visibility-- we want our charities to be more transparent-- there's a new generation of donors, giving while living, new organizational forms, which Lloyd mentioned-- hybrid forms, social purpose organizations-- that are combining a desire to raise revenue through traditional business ways, but with a social purpose. And creating the legal vehicles that allow for this is changing our environment somewhat.

We have impact investing and impact bonds, and new forms of collaboration between the business, government, and nonprofit sectors. These are very complicated ways of raising capital, which, as we all know, in the nonprofit sector, is severely lacking. How do we get a line on some of the resources of wealthy individuals, of venture philanthropists, venture capitalists, and get them into the charitable sector? Which raises issues, as we've discussed, for regulators. What do we have to look out for? Government involved in these is making it even more complex. We really want to know how organizations perform, and what kinds of results they produce for our communities.

Demands for use of evidence-based practices and performance measurement is something that's not going to go away. It's accelerating, seems to me, daily. It creates a real impact on nonprofits, who have to build the capacity and find the resources to help themselves to measure their performance, and then be ready to be evaluated when they are in these complicated deals, and when funders and government agencies want them to show that they have results. This is the mantra and the bottom line for organizations right now.

These are the big effects on society that also affect nonprofits-- the globalization, as we all know, and political polarization, which is coming to a head right now. When we look at the federal budgets, and the state budgets, which have been in decline, in terms of programs that affect the nonprofit sector and that they are concerned with, those have been in decline for the past 20 years. And I think we're going to see a lot more of that if the budget, as proposed, is passed.

We have environmental degradation, climate change, issues that are affecting many of our environmental organizations, but also community serving organizations in vulnerable parts of the

United States. We have immigration reform very much on the agenda. Affects a lot of nonprofits that deal with immigrants, helping them to get citizenship, helping them to transition to this country. Tax reform-- big issue for the charitable sector. I don't have to talk to this group about that, but in terms of charitable incentives, that can very greatly affect nonprofits and their ability to raise resources. And then, of course, we have health care reform that affects a huge sector of

Continuing on the uses, we will be able to use the digitized information in ways that would have not been possible, to date. For example, you've heard mention of program and fundraising expenses as a percentage of overall expenses. While those of us who study the nonprofit sector don't think that's an adequate identification of fraud, it can be an indicator of things that you need to look into more deeply.

Using a statistics of income sample for 2012, we looked at the percentage of program expenses to total expenses, and we find that, not surprisingly, it increases with the size of the organization. 78.49% of those with less than $100,000 in expenses is the ratio of program administrative expenses to overall program expenses. But when you look at the larger organizations, it's more than 87%.

So we know that smaller organizations spend more, relatively, on their overhead and their administrative expenses. There's economies of scale going on. There are likely to be other factors. Because we find that those organizations with facilities that are religious, or that are small, are the ones that have higher overall expenditures.

So looking at just human services organizations in the statistics of income file, drilling down to specific programming areas, which you'll be able to do when we get those pie-in-the-sky 990s, we find 80% ratio of program administrative expenses to total expenses. 80% for science technology, 91% for food, agriculture, and nutrition. So it shows you, they differ. We have to understand these differences. Organizations have different operating logics, different ways of going about. Some have facilities. Some have more difficult populations to deal with.

When we look at the subcategories, where we can't generalize right now, because the statistics of income samples are so small, but for example, 94.3% averages for philanthropy and voluntary research on many aspects of it. Scope and dimensions, we can talk about the numbers, but we'll even disagree about those, because we have different years-- different years that people file their forms and don't file their forms. A lot of estimation has to go into that.

Our management and financial research is growing. Our economic impact information is getting more robust. Performance research is beginning to take off. We have outcomes and specific programs, own communities and populations. We have more evaluations.

But we are lacking in synthesis, and getting our knowledge out there and across communities. Outcomes of specific programs really have to be done more specifically. Civic engagement

Now, let's start with what we can measure, and then we'll go to what is less measurable. And I am reminded of the very popular saying that, not everything that accounts is measurable, and not everything that is measurable counts. So keep that in mind, because there are increasingly aspects of philanthropy that we can measure, and some that perhaps will always be inherently less measurable.

With Giving USA, we have the ability to look at philanthropy today, and how it's changed, where the funds come from and where they go. Elizabeth started to mention this a little bit, and I'm just going to focus on how this charitable pie has changed. So a few key facts-- philanthropy in the US is about $373 billion. To put this in perspective, this is about 2% of GDP. But it's also the size of several African countries put together-- their entire GDP. It's close to the entire GDP
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affiliated. Again, in the 1960s, this was a tiny slice-- less than 5%. Today, that's inching toward 20% of Americans who are not affiliated with a particular tradition.

We also know that Americans are far less likely to attend services, or more of them are tending less frequently. And so that, put together, is the evidence that religious giving is declining. People who aren't attending are also less likely to give-- who aren't attending frequently. But it's not to say that religion is no longer important. It's just, as a share of overall giving, religious giving has been declining.

Now, as we unpack these data trends further, one of the areas that we have looked at very closely as part of our work with Giving USA is looking at how giving is influenced by the underlying economic trends. And what we've noticed, over time, is that certainly the overall economy is by far the biggest driver of charitable giving trends. The yellow bar is-- I think they're yellow on your slides-- are actually the recession years.

And you can see that each recession has been different. The phrase that I always use is, you've seen one recession, you've seen one recession. Because the great recession was, by far, the biggest decline in giving that we've observed in the post-World War II period. And you can see that it has taken quite some time-- seven to eight years-- for giving to recover to its pre-recession highs.

Now, in terms of the challenges for the sector, this is something that I know Jacob Harold here is working very diligently on in a very exciting initiative to grow giving, and Elizabeth alluded to this as well. One of the data points that we have focused a lot of our attention is the share of charitable giving taken in the context of the overall economy. What we've seen is that number has stayed relatively flat, at 2% of the overall economy.

And you can see that, in the 1990s, the share did increase. But during the Great Recession, it dipped back down to below 2%. And we've started to inch back up, what we have a long way to go. I mentioned last week actually that we did a back of the envelope calculation and said, it would take about $75 billion in additional dollars raised to get this to 2.5%, which seemed very daunting. And so at that point, we stopped our calculations and decided to look at this data slightly differently, and that is to look at individual giving as a share of household income.

And what was surprising about this analysis is that it also shows the same pattern, that American giving, as a share of household income, is also stuck at 2%. And we've compared this to trends in other types of consumption in the same period-- how much Americans are spending on technology, on vacations-- and those percentages have been increasing, compared to the trends we're seeing in charitable giving.

So a bit of a challenge for the sector. What would we have to do differently-- and that's donors, as well as nonprofits, and perhaps policymakers, those of you in the room-- to actually move the needle beyond this 2%?

In terms of other drivers of giving, our research on this is the stock market is the most important to actually correlate with overall giving. What we've also determined is that, although the stock market actually is the most important predictor of giving, charitable giving is a bit of a lagging in some earlier data on Boomers, and how much they were giving at the same point in their life cycle, adjusting for inflation and income growth, we still find that Millennials are giving less than their counterparts in the Boomer and higher generations.

So this is actually something that I think means perhaps Millennials are giving differently. They're giving through these newer vehicles. They're giving directly. But there's a lot of work to be done to understand why are younger households less likely to give, and also giving less.

And you can see that Gen Xers really get left out. It's really about Boomers and Millennials, and that's because of the size of those cohorts mostly. I would argue that it may be a bit simplistic to divide the nation into these groups, because Millennials, Boomers, Gen Xers are usually part of one family, and there are bonds and linkages across these family members.

By far, the highest giving rates are with the Great and Silent generations. So often, although there is a spotlight on the Millennials, I think it's important when we think about charitable giving to really look at the older Americans, and their giving patterns. And I think for regulators, really paying attention to that group as well.

How do donors determine their impact, the impact of their giving? We noticed, over the last 10 years, that, by far, one of the factors that seem to be changing the most is that donors keep stressing that they want to see the impact of their gifts. And that's a big change, because in 2005, when we first started the High Net Worth Study, the number one reason people cited for giving was to give back to their communities. Today, you can see that impact is usually the number one motive.

And so we asked, in this last round of the Bank of America Study, how do you determine your impact? It turns out, many donors rely on information from nonprofits. So that, to me, suggests that, in terms of thinking about the ecosystem and the landscape, nonprofits have an important role to play, especially on the impact question.

As far as where we see also change, but some stability, taking place. Where do individuals-- and these are high net worth households-- where do they place their confidence? Turns out, individuals-- high net worth households-- have the highest confidence in individuals, followed by nonprofits. Government has a much lower role, as you can see, in terms of overall confidence, in changing society.

So to conclude, I just want to talk about one last area where we're starting to see evidence of disruption and change, and that's how technology is impacting philanthropy. Now, online giving has been part of the landscape for a very long time, so that's not a surprise. But I think we're starting to see even new forms-- it's not just the idea of going online to give, but mobile phones and all kinds of new platforms that individuals can give. I want to stress that online giving is a relatively small piece of the pie even today, but it's growing at a much more rapid rate.

You'll hear, I'm sure, from our colleagues at Blackbaud later on today, but we're seeing double

7.2% of overall giving, maybe even as high as 10%. But overall, what we're learning is many donors are using technology to learn about giving, to get familiar with the nonprofits and the causes that they care about.

Finally, crowdfunding is perhaps the newest part of this equation. For some reason the numbers aren't showing up there, but in terms of the size of this industry, it is in the hundreds of billions of dollars. And for the US component, you can see the donations are a small slice of the overall dollar amount. The slide is-- maybe I can make that available to anyone who wants it. It's not coming up.

One area that we have been paying attention to because of our interest in gender differences and philanthropy is how men and women give differently. And it has been interesting that more women are interested in giving through some of these crowdfunding platforms. And this lines up with a lot of the research that shows women are more active on social media, more likely to learn about causes on social media, and so forth.

So to conclude, we don't have all of the data points, in terms of how crowdfunding is changing giving, how technology is changing giving, but what we do know is that the future of philanthropy may be very robust and alive, but will be very different, in some important ways, than what we see today. I just want to emphasize some important ways that we have been paying attention to.

The first is demographic shifts. We're seeing the rise of a more diverse donor base, and that's racial diversity, ethnic diversity, but also household formation, the rise of singles compared to couples. The importance of aging populations in philanthropy. And when we say aging, that may be couples making decisions. What has been interesting, from both the High Net Worth Study and the Philanthropy Panel Study, is that most households make charitable giving decisions jointly.

And so that's an interesting thing to note, but that there is increasing diversity in what a household looks like in the US. We're also very interested in tracking gender differences, particularly because women play a growing role in our economic and political leadership landscape.

One note of optimism to end the presentation is just to ask about, when we think about the future of giving, and that's increasingly complex, given the disruptive factors at work, is that recently, in the 2016 Bank of America High Net Worth Study, we did ask households to project into the next three to five years and tell us what they think their charitable giving will look like. And most households-- three quarters-- said they either plan to increase their giving, or hold steady they're giving. And in terms of what factors would contribute to that change, the thing that really stood out-- the factor that stood out-- was the role of the economy.

So as we try to wrap up and think about what factors drive giving, I would still say the economy is the most important factor. We increasingly have the evidence to support that households give when they have the economic and financial conditions in place to enable them to give. But having good information about the types of causes and organizations they can give to certainly increases their capacity, and having a regulatory environment that's favorable to charitable giving-- you can see the role of tax policy-- can also enhance the overall giving landscape.

So I will stop here and say that I'm happy to answer any questions, or provide any additional information. Thank you.

[APPLAUSE]

KAREN GANO: I'm technologically challenged. I guess this is working. You can hear me, right? Do we have questions? Anyone? Thank you very much.

I can start with a question from a regulator's point of view, from the state regulator's point of view. We are-- it's always a challenge to get 50 sovereign governments, states, to do the same thing. And through NASCO, we are beginning, as I said earlier, to gain some more agility and ability to do that. Fighting charities fraud is something that everyone-- it's universal-- everyone can get behind. So we have that advantage in working together. And with the help of the NAAG Charities Committee, we're doing a great deal more, and through the information and partnerships that have been facilitated by the Urban Institute, and others.

But Dr. Boris, you mentioned the fact that we're getting more data, and we know there are a lot of gaps still, and we're all salivating at the idea that we might eventually someday get all of the 990 raw data. But you talked about synthesis of that data, and how we get that data out there, and that information that we glean from that data out there, in a way that is digestible by not only some of us who will be learning how to look at that in a more sophisticated way, but to the general public, and to get it to an educational level. Do you have thoughts about that?

ELIZABETH TROCOLLI BORIS: Well, there are different levels, I think. Is this on? Can people hear me? So the 990 data, as we use it now, folks can go to a GuideStar website, for example, and get a portrait of an organization, or can ask them for particular runs, or databases. You know, it can create databases for research.

So I think we have to continue along those paths of making sure that, as we get more information, we put it forward in a way that is digestible and accessible to the public. NCCS is really-- the National Center for Charitable Statistics-- at the Urban Institute is really geared more toward the researchers. And actually, the regulators use our data often.

KAREN GANO: Yes, absolutely.

ELIZABETH TROCOLLI BORIS: Because they're more sophisticated users. They want aggregate information. But I think that we can help each other by flagging ways to look at the information for the particular questions that you have.

So I think we need both. We need the accessibility for the donors and for the general public, and we should do some focus groups, et cetera, which probably folks do do, to make sure that the information is accessible to them. But what we want is more complete information so we can answer the more complicated questions for our purposes.

many staff, students, faculty, even people at the IU Foundation, not realizing that they actually host their sponsoring organization.

To get us closer to what we'd like to know, and what we do know, I think data is really the missing piece. To date, there really hasn't been a place, a portal, where you can go and drill down into each of these donor-advised funds. We are, as part of subproject within Giving USA, launching a really large initiative to look at where those dollars flow to.

And we were surprised that, with all the interests-- policy interest, regulator interest, and even charity interest-- that there wasn't one report that synthesized where are all these funds going to in terms of subsectors. Are they supporting mostly education, the arts, and so forth?

And so we are pulling together all of the 990 information. But it's Schedule I, which is not necessa-2(g)4(t)-0no --