Campbell Rinker
Marketing Research for the Nonprofit World

Donor Confidence Report

Issue 2, December 2008

The results in this Donor Confidence Report are drawn from an ongoing survey of donor attitudes about giving by Campbell Rinker. Details about the study methodology may be found on page 9 of this report.

Overall Donor Confidence Index Moves Slightly Lower

Campbell Rinker's Donor Confidence Index (DCI) edged slightly lower to a mark of 84.7 in December 2008, down .7 from the 85.4 index measured in October. The DCI benchmark of 100 was established in February 2008. The Index takes into account donors self-reported expectations about giving, their view of the nonprofit sector, the nation's economic health and other factors.

The Donor Confidence performance within various sectors is shown below, ranked according to the December DCI rating. By this measurement, Faith-based, Health and Medical, Hospitals and Hospital Foundations, Education, and Political organizations may continue to experience donors with lower overall confidence.

Sector	Feb '08	Oct '08	Dec '08	Oct-Dec Change
Int'l Relief and Development	99.9	86.6	97.4	+10.8
Faith-based	104.2	95.9	93.0	-2.9
Environmental	98.9	89.7	92.7	+3.0
Arts, Culture and Humanities	100.1	85.9	92.3	+6.4
Places of Worship	101.6	91.4	91.6	+0.2
Animal Rights	96.5	88.7	90.7	+2.0
Social Service	99.6	87.3	90.0	+2.7
Education	99.1	91.4	89.6	-1.8
Political and Advocacy	104.5	90.5	89.6	-0.9
Health and Medical	101.7	91.6	89.5	-2.1
Hospitals, Hosp. Foundations	99.7	89.3	88.0	-1.3

On a positive note, confidence among donors to International groups, Animal Rights, Environmental, Social Service, and Arts, Culture, and Humanities appears stronger than before.

Though confidence among faith-based donors has slipped, it remains constant among donors to Places of Worship.

Analysis

U.S. consumer confidence index – measured by the Conference Board – continues to post figures in the high 30s and low 40s, the lowest since 1980.

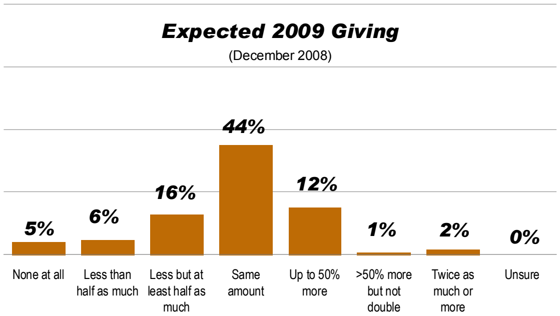
The December DCI figures suggest a certain level of stability in donor confidence. If so, this is likely due to renewed hopefulness in presidential leadership since the November election, a higher rate of personal savings compared to recent historical lows, and an awareness of continuing (or even growing) need among the people nonprofits serve. While news reports still focus on a recession, a wide-ranging economic crisis, gross failure in the investment world and unemployment, no major reports of malfeasance have recently tarnished the nonprofit world.

Note that the DCI poll was conducted in late December, prior to the escalation of conflict in Israel's Gaza Strip and the ensuing wide press coverage it has generated.

Donors Likely to Give Same in '09

Considering the factors listed above, the expectations donors have about giving have changed only slightly in the last two months.

Campbell Rinker polled the same donors in February, October, and December asking whether they expected to give the same amount, more or less in 2009 compared to the 2008. The study data was weighted by donor age to represent donors accurately.



A majority of donors still say they expect to give the same amount in 2009 as in 2008. Donors in the December poll were slightly more likely to say they plan to give less or that they are unsure about their 2009 giving compared to October.

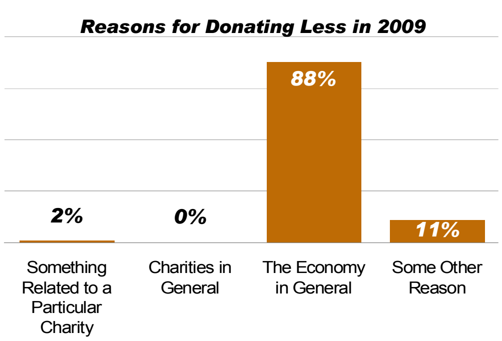
The proportion of individual donors who expect to give more in 2009 remains the same for both October and December.

The proportion of individual donors who say they now plan to give less or none at all is 26%.

The figures further indicate that individual donors with greater giving capacity plan to stay the same or increase their giving, instead of giving less.

Why Donors Say they'll Give Less

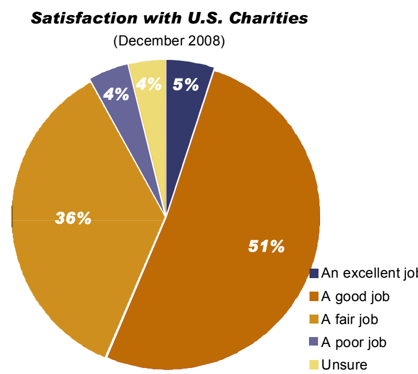
Nearly nine in ten donors who say they expect to give less now than they projected earlier this year cite the "economy in general" as the reason (88%). This is a 14% increase since October.



Another 11% say their giving will decline for reasons other than the economy or charities themselves. In December, none of the respondents say their plans changed because of the "charitable sector in general." Just two in 100 say that their decision to give less was because of "something related to a particular charity," which is consistent with prior results.

Nonprofit Sector Approval Still High

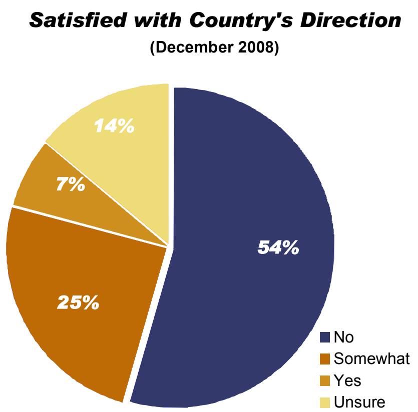
Despite their economic fears and unhappiness with the direction of the country, donors generally approve of the nonprofit sector, in an assessment that shows signs of recent improvement.



A majority of donors overall (56%) see charities as doing either an "excellent" or a "good" job, nearly four in ten (36%) say nonprofits are doing a "fair" job, and only four percent say they're doing a "poor" job.

Donors are Less Pessimistic Now

While donors appear less pessimistic in December than they were in October with regard to the direction of the country, 54% still say they are dissatisfied and only 25% are "somewhat satisfied." The shift is evident in a 24-point drop (from 78% in October to 54% in December) among those who say they are "not satisfied" with the country's direction.

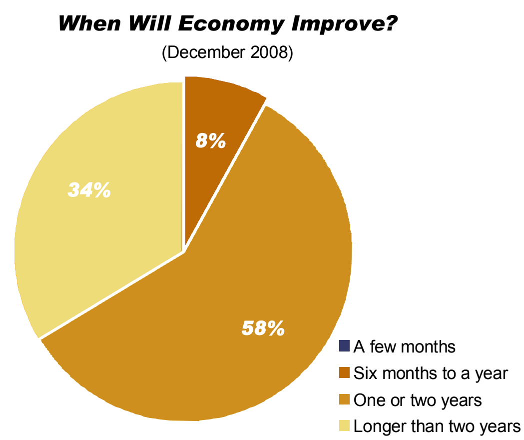


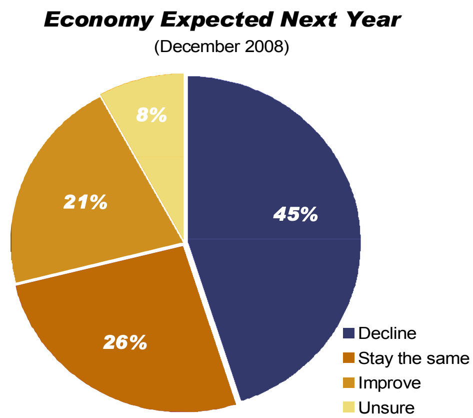
Donors are even more dissatisfied with "the political system at the Federal level," with 59% saying they are not satisfied and 28% saying they are somewhat satisfied. However, these ratings also show improvement since October 2008.

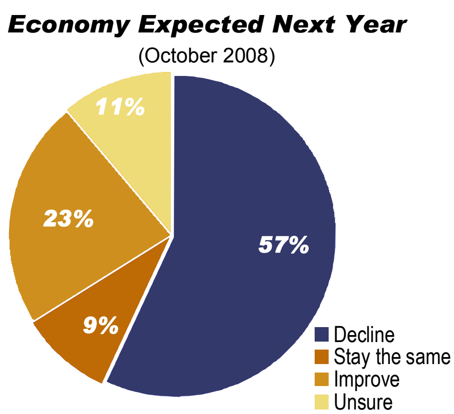
These results likely reflect the hope that a new presidential administration can improve the economic situation.

What do Donors Expect for 2009?

Most donors still foresee a recovery taking a long time. Nearly half of all respondents in December '08 (45%) say they expect the economy to decline further in '09 – down from 57% in October – while 26% percent expect it to "stay the same," up from 9% in







October. This shift toward a more positive outlook may also be seen as a reflection of hope in a new administration. The percentage of those who expect economic improvement in 2009 has stayed the same since October, at about one in five.

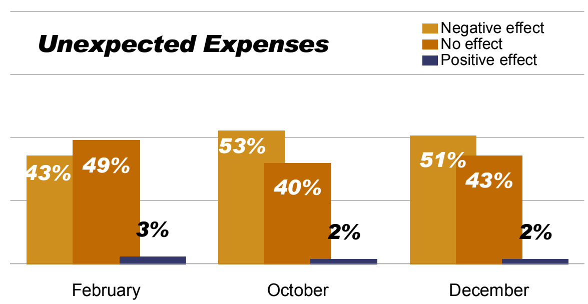
Of those who say it will get worse before it gets better, a 66% majority expects no improvement for at least six months and say it may take up to two years, while 34% see the recovery taking over two years. These results represent a 10% dip from the October poll, when 44% thought any improvement would take two or more years. As in October, donors do not expect the economy to improve within a few months.

Personal Expenses Still a Concern; Impact of Investment Losses Grows

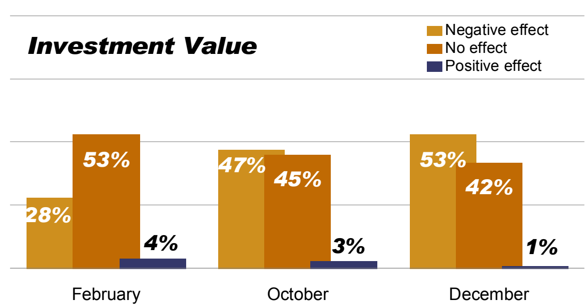
Factors such as changes in personal expenses, the value of investments in stocks and bonds, and changes in personal income have the greatest negative impact on a donor's nonprofit support.

While unexpected personal expenses are at issue for most donors in weathering the current financial crisis, donors now perceive greater impact and weakness in the area of investment value than they do in home value.

Unexpected changes in personal expenses are seen as having the greatest negative impact on giving plans. A 51% majority cite this factor as having a negative impact on their giving, up from 43% in February '08 and down just two percent from 53% in October '08. Meanwhile, the percentage that says the factor has no impact has risen from 40% to 43%.

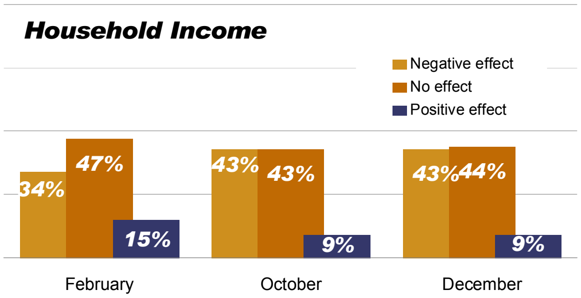


The negative impact donors see arising out of changes in investment portfolio value has grown the most since February '08 – up from 28% at that point to 47% in October. This number continues to rise, with 53% saying that investments have negatively impacted their giving.



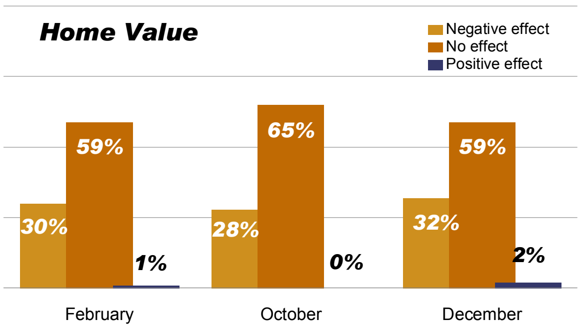
This perception among donors is undoubtedly felt elsewhere as well. It will surely be felt by organizations that rely on funding driven by endowments or investment income, e.g. from larger donors, corporations and foundations.

Donors are also more likely now than in February to say that "the change or lack of change in their household income last year" has had a negative impact on their giving plans. These figures have held steady since October despite worsening news about the national unemployment rate.



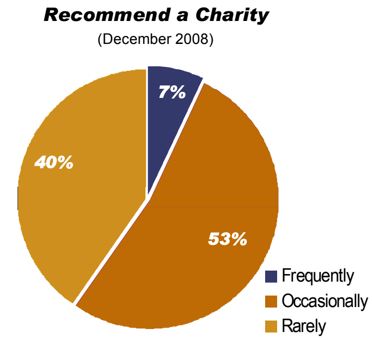
The nine percent who say that household income changes have had a `positive` impact on their giving has also held since October.

In contrast, six in ten donors say that changes in the value of their home have no impact on their giving plans. This rose to 65% in October from 59% in February. It has now dropped back to 59% again.



Do you Tell Others about Charities?

The percentage of donors willing to recommend one of their favorite charities has remained constant since October yet remains below February levels.



In February '08, eight in ten donors indicated they either "frequently" (19%) or "occasionally" (61%) recommend a charity they know of to friends, family or colleagues.

Those two categories combined dropped to 57% in the October poll, suggesting a reluctance to share giving behavior. In December, these two categories combined equaled 60%. Campbell Rinker believes such hesitancy speaks to a lack of donor confidence.

Sector Spotlights

Campbell Rinker asked donors to indicate which sectors they had supported in the last year. Donors could indicate supporting more than one sector. As the Donor Confidence Index is calculated on a per-respondent basis and aggregated, ratings provided by one donor may contribute to more than one nonprofit sector. The December poll counted 509 respondents, making these sector-specific results more accurate than in the past.

Generally, these results demonstrate donors shifting away from giving the same as in 2008 and toward either giving less or giving more in 2009. The rate of donors being unsure is about the same as before.

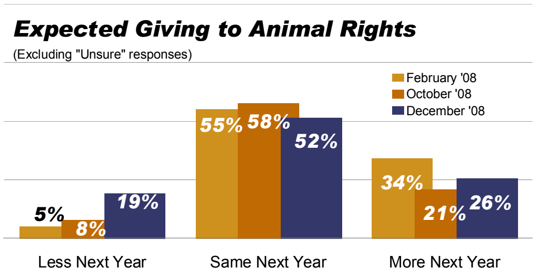
- Animal rights, protection and training
- Arts, culture, and humanities
- Educational institutions and programs

- Environmental protection and preservation
- Faith-based charities, excluding places of worship
- Health and medical charities
- International relief, education, and sponsorship
- Not-for-profit hospitals and hospital foundations
- Places of worship
- Political organizations
- Social service organizations

Animal Rights & Protection

In December the DCI among donors to Animal Rights and Protection moved slightly higher since October, which marked the lowest reading for this sector. It had been 88.7 and is now 90.7.

Sector	Feb '08	Oct '08	Dec '08	Oct-Dec Change
Animal Rights	96.5	88.7	90.7	+2.0



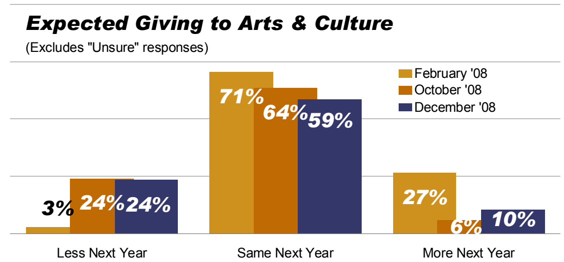
The slight increase in confidence among animal rights households comes from an increase in the proportion of donors who say they will give more next year. Still, the percentage of those who say they will give less next year doubled compared to October and is rising.

One reassuring element of these results is that annual giving – to all charities – among those who say they plan to give more to Animal Rights and Protection is `seven times higher` than giving by those who say they plan to give less.

Arts, Culture, and Humanities

The DCI shows significant gains since October for donors giving to the Arts, Culture and Humanities. The 6.4-point increase dwarfs increases posted in most other sectors from October through December.

Sector	Feb '08	Oct '08	Dec '08	Oct-Dec Change
Arts, Culture and Humanities	100.1	85.9	92.3	+6.4



Households that support Arts, Culture, and Humanities report the same likelihood to give less in the coming year as was reported in October. Also, the proportion of donors who say they plan to give more has recovered slightly, rising from 6% to 10%, and the percentage of those who say they plan to give the same has softened once more.

The proportion of "unsure" responses remains basically unchanged.

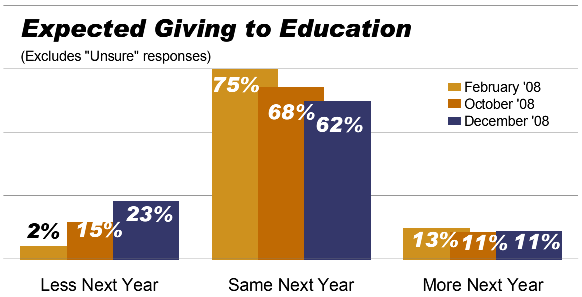
Education Institutions & Programs

The DCI for Educational Institutions and Programs moved slightly lower to 89.6 in December from a mark of 91.4 in October, a decline of 1.8 points.

Sector	Feb '08	Oct '08	Dec '08	Oct-Dec Change
Education	99.1	91.4	89.6	-1.8

Education supporters are more likely now than they were in October '08 to say they will give less; the donors who voice this opinion represent donors with an annual giving rate lower than those who expect their giving to hold pace or increase.

The minority group of donors who plan to give more next year is holding steady at 11%.



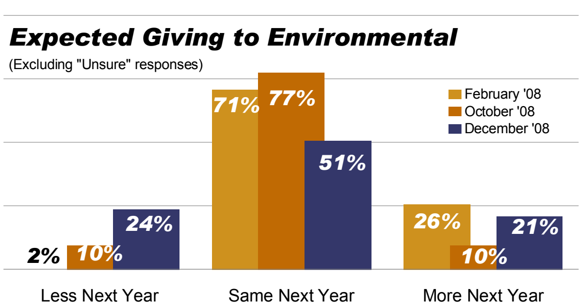
There seems to be no overarching trend toward giving less next year among donor households that supported education in 2008.

Environmental Protection

The DCI for Environmental Protection and Preservation has increased by three points, from 89.7 in October '08 to 92.7 in December '08. This is still lower, however, than the level posted in February.

Sector	Feb '08	Oct '08	Dec '08	Oct-Dec Change
Environmental	98.9	89.7	92.7	+3.0

Supporters of environmental protection and preservation appear more likely to migrate out of the "same" category in this edition of the donor confidence poll.



Nearly equal groups say they plan to migrate toward less giving and toward more giving during the coming year. While only 10% in October, 24% currently plan to give less. Also up from 10% in October, 21% now plan to give more.

Our October report noted a possible trend toward increased yearly giving among donors to the environmental sector. The December poll shows no such movement.

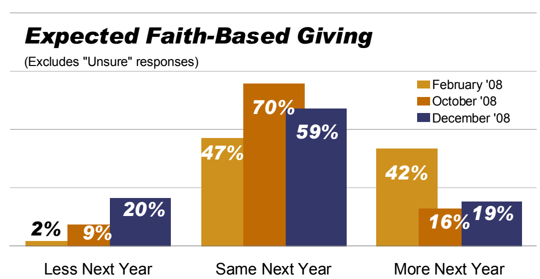
Faith-based Charities

The DCI for faith-based charities (excluding places of worship) has fallen moderately to 93.0 points in December '08 from 95.9 in October. Despite this decline, the Index for faith-based groups still comes in as the second-highest level (behind International Relief) in the December poll.

Sector	Feb '08	Oct '08	Dec '08	Oct-Dec Change
Faith-based	104.2	95.9	93.0	-2.9

In December, households that support faith-based charities are likelier to say they will give "less next year" than in February and October, with 20% saying this is the case.

Up just slightly from October, 19% say they will give "more next year."

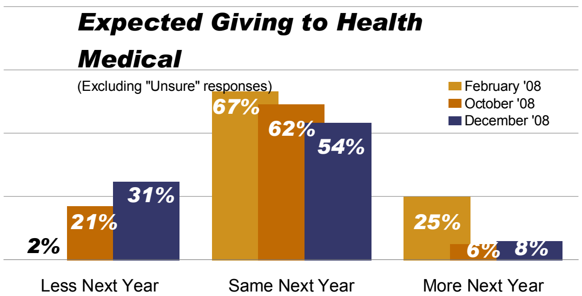


Repeating a pattern seen in several other sectors and suggesting a broader trend, a lower proportion of donors now say they plan to give the same amount as in 2008.

Health and Medical Charities in US

The DCI for Health and Medical charities serving the US decreased again, from 91.6 in October '08 to 89.5 in December '08.

Sector	Feb '08	Oct '08	Dec '08	Oct-Dec Change
Health and Medical	101.7	91.6	89.5	-2.1



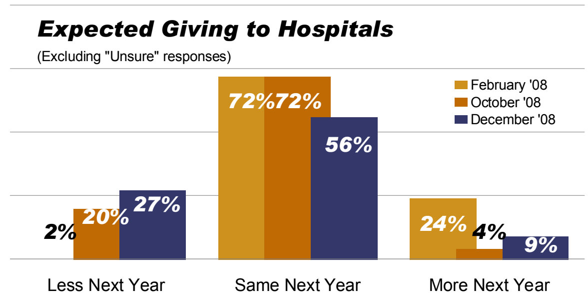
Households that support US-based Health and Medical charities show a significant increase in their likelihood to give less to these charities, with no corresponding increase among those likely to give more; in December three in ten (31%) say they plan to give less in 2009. Perhaps the biggest indicator of a weakened outlook is that the percentage of those who plan to give more has not risen to offset a decline in those who plan to give the same amount.

Hospitals & Hospital Foundations

The DCI for nonprofit Hospitals and Hospital Foundations has declined, similar to the response for donors to Health and Medical charities. The decrease for this term is 1.3 points from 89.3 to 88.0 in December '08.

Sector	Feb '08	Oct '08	Dec '08	Oct-Dec Change
Hospitals, Hosp. Foundations	99.7	89.3	88.0	-1.3

As seen in several other sectors, giving expectations to Hospitals and Hospital Foundations among supporting households appears to be shifted from the middle (same next year) to either more or less. Down from 72% in February and October, 56% now plan to give the same amount. Up from 20% in October, 27% plan to give less.



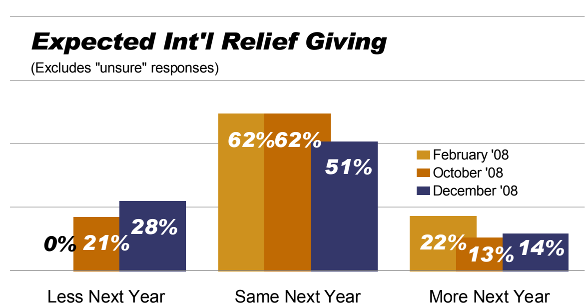
Despite this growth in the proportion that plans to give less, households that support this sector expect to give more next year – to all charities – than they expected to give during 2008.

Int'l Relief, Education, & Sponsorship

The DCI for International Relief, Education and Child Sponsorship shows the strongest recovery of any sector in the December poll. The score of 97.4 in December is much more robust than the rising proportion of those who plan to give less next year might indicate, and even approaches February's 99.9 DCI.

Sector	Feb '08	Oct '08	Dec '08	Oct-Dec Change
Int'l Relief and Development	99.9	86.6	97.4	+10.8

The graph below – which shows a pattern similar to other sectors in which the Donor Confidence Index fell or held steady, demonstrates the impact of other factors – such as donor attitudes – within the DCI.



In terms of overall household giving, one favorable sign is that households that support

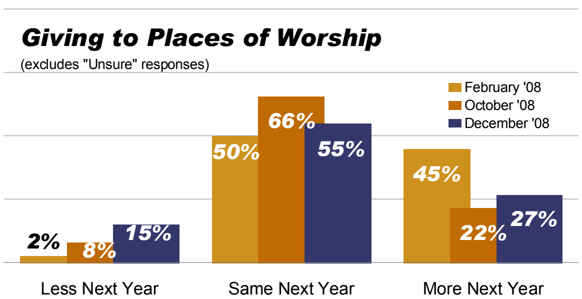
International Relief, Education and Sponsorship expect to give more overall in 2009 compared to what they thought they would.

Places of Worship

For the most part, the DCI for Places of Worship has remained steady since October '08. The December '08 DCI is a 0.2-point increase from 91.4 in October '08.

Sector	Feb '08	Oct '08	Dec '08	Oct-Dec Change
Places of Worship	101.6	91.4	91.6	0.2

In projecting their annual gifts to Places of Worship, supporting households 55% say they expect to give just about the same in 2009. Up from October's results, 27% plan to give "more next year" and 15% plan to give "less next year." Except for Animal Rights, this is the only sector where the "more next year" outpaces the "less next year" category.

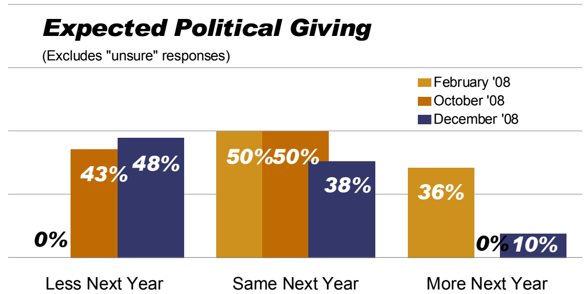


Political & Advocacy

The DCI for Political and Advocacy Organizations has declined by just 0.9 points from 90.5 in October '08 to 89.6 in December '08.

Sector	Feb '08	Oct '08	Dec '08	Oct-Dec Change
Political and Advocacy	104.5	90.5	89.6	-0.9

As expected, higher dollar donors to Political and Advocacy organizations have shifted to populate the "less next year" category apparently moving away from the "same next year" group. This is likely due to the end of the 2008 election season, in full swing when the February poll occurred and in the waning campaign at the time of the October edition.

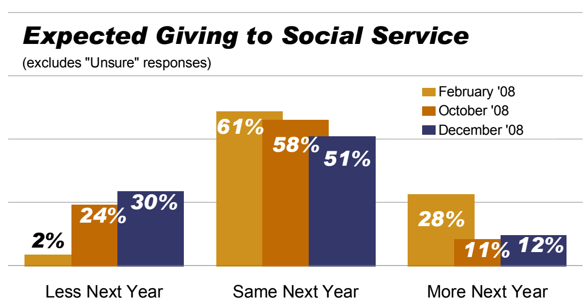


Social Service

The DCI for Social Service organizations has gained 2.7 points since October '08 from 87.3 to 90.0.

Sector	Feb '08	Oct '08	Dec '08	Oct-Dec Change
Social Service	99.6	87.3	90.0	+2.7

The percentage of households saying they expect to give the same amount next year has dropped from 58% in October to 51% in December, while the percentage saying they expect to give less has increased from 24% to 30%. This is puzzling, as many nonprofits in this sector are established as a safety net for people impacted by recession.



With the December results reflecting a deeper sample of donors, household giving among Social Service organization donors seems to be holding steady.

Methodology

The February Benchmark study was conducted as part of Campbell Rinker's DonorPulse survey of 3,312 US donors conducted in February, 2008. This was a hybrid study in which 29% of respondent households came from random telephone calling and 71% of respondents were recruited from an Internet panel reflecting national demographics.

To qualify to take the survey, responding households must have made a charitable contribution in 2007. Respondents were required to be at least 18 years old. Of the 3,312 responding donors, 726 self-identified as Christian and 85 self-identified as adherents to non-Christian faiths.

The first October Donor Confidence Report poll was conducted on October 11-12, 2008 as a tracking study among 294 Internet respondents who had responded to the original February questionnaire.

The poll on which this report is based was conducted on December 27-29, 2008 among 509 Internet respondents who also respondent to the February, 2008 DonorPulse poll. October and December responses are 'weighted' (mathematically adjusted) by donor age, to ensure representativeness among various age categories and conform to proportions seen in the original DonorPulse telephone sample.

The Donor Confidence Index is computed at the respondent level using an algorithm developed by Campbell Rinker that takes into account a donor's propensity to give again, their opinions and attitudes about the condition of the country, the nonprofit sector, their economic outlook and their ongoing engagement in giving. The scores presented in this report represent a true longitudinal view of donors in December compared to the same donors in February and October 2008.

Fewer respondents answered some questions. The table below summarizes the estimate of error at the 95% confidence level at various sample sizes.

Sample Size	Estimate of Error
85	±10.6%
100	±9.8%
200	±6.9%
300	±5.7%
400	±4.9%
500	±4.4%

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