

Impact of Recent Events on Development Staffing and Budgets: Culture, Arts, Advocacy, Research & Environment

July 2020

Marts&Lundy

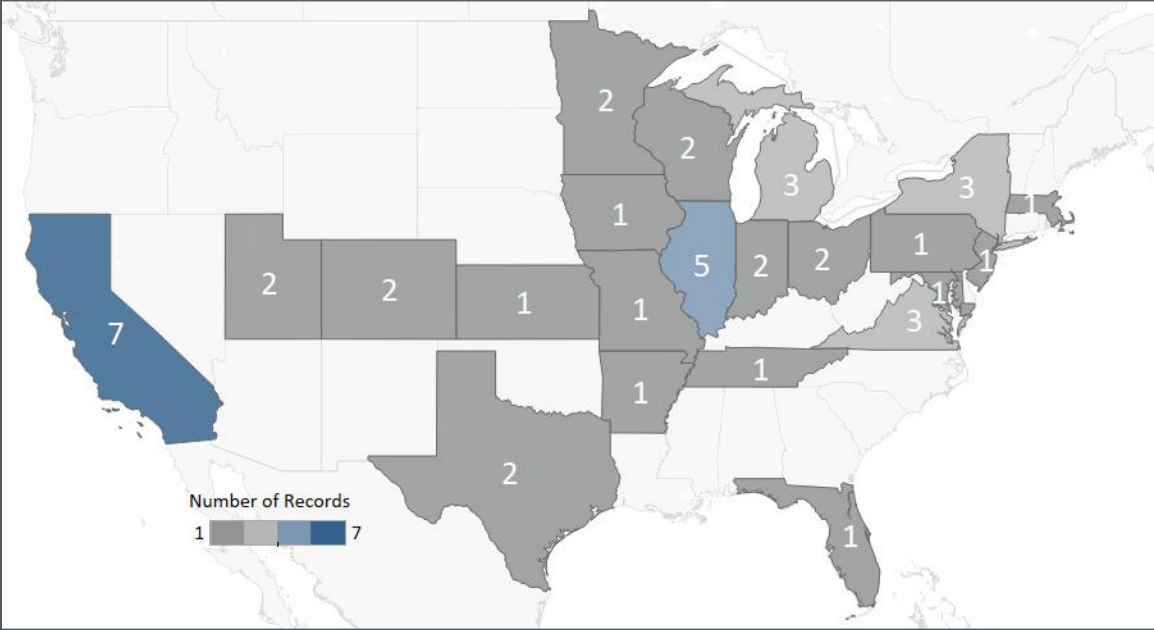
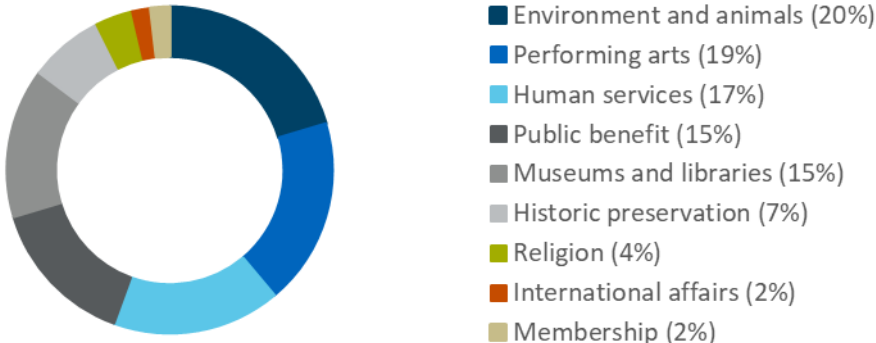
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A Survey of How Recent Events Have Impacted Development Staffing and Budgets

Many organizations are facing challenging decisions as they adapt to recent economic, political and public health events. Marts & Lundy developed a brief survey to learn how recent events have impacted development staffing and budget decisions at culture, arts, advocacy, research and environment organizations. The survey asked participants to categorize how they are making adjustments across their development operation, based on institutional plans as of July 2020.

Respondents by Organization Type and Location

A total of 54 organizations participated in the survey. Eighteen states and Washington, D.C. are represented in the full cohort.



Summary of Findings

Half of development teams plan to return to the office by the Fall.

Approximately half of development teams are already back in the office or plan to return by the Fall. Just over 20% do not yet know when they will return and most of that uncertainty is found at performing arts, environment, animal, human services and historical preservation organizations.

Plans for return vary widely across organization types, and some teams expect that a return will look very different from prior to the pandemic, including hybrid schedules (in-office and remote).

Many organizations are optimistic that FY21 gift revenues will remain stable.

While half of organizations saw a decrease in total gift revenues in FY20, only one-third expect a decrease in FY21. In FY21, museums and libraries and performing arts and membership organizations are most likely to expect a decrease in total gift revenues. Three-quarters of historic preservation organizations expect an increase.

Although less than 5% of organizations paused annual fund appeals due to the pandemic, more than one-third saw decreases in FY20 annual fund gift revenues. Most organizations expect FY21 annual fund revenues to remain flat, with one-quarter expecting a decrease. Museums, libraries, performing arts and membership organizations were most likely to see a decrease in FY20. More than 75% of performing arts organizations expect a continued decrease in FY21.

More than 90% of organizations have experienced flat or increased board giving in light of recent events. Only environment, animal and performing arts organizations have witnessed a decrease in board giving.

Most organizations face budget reductions in the period ahead.

Budget reductions are expected for 68% of development teams. Historic preservation organizations are least likely to see reductions, while all museums, libraries, religious, international affairs and membership organizations expect cuts to be made.

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Budget reductions are impacting development teams broadly, with 33% cutting program expenses and staff and 44% cutting program expenses only. Museums, libraries, historic preservation and international affairs organizations have been most likely to see reductions made to both program expenses and staff.

Within the full cohort, every program is being impacted at some level. Event programs are most likely to be impacted by budget reductions, followed by administrative support and donor relations/stewardship.

More than one-third of development teams have instituted hiring freezes as one way to manage expenses. Furloughs and/or layoffs have been implemented at more than a quarter of organizations. Another measure includes salary freezes or reductions. A surprising 31% of organizations are expecting no staff eliminations or hiring freezes.

Organizations are emphasizing unrestricted support in their case for support.

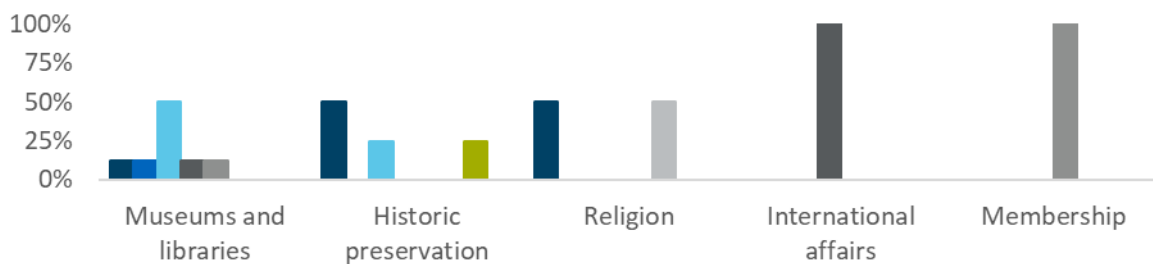
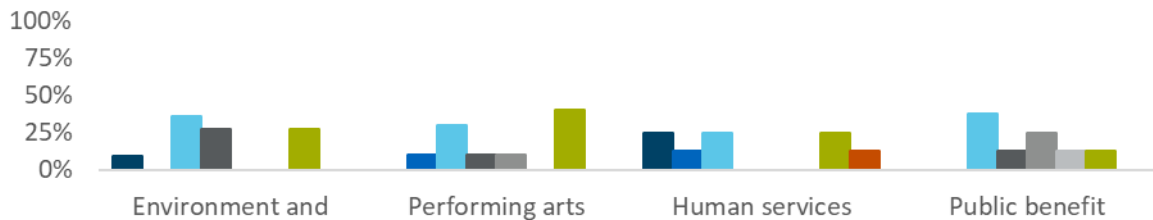
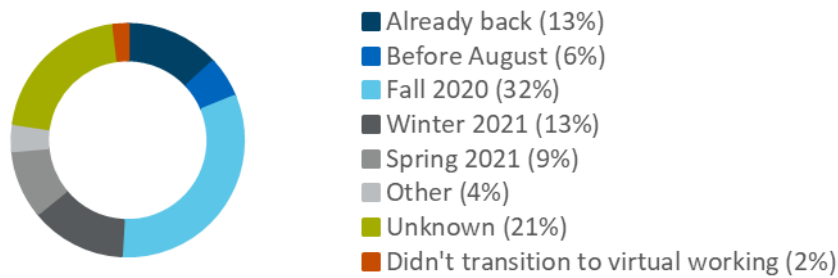
Many organizations have made changes to their case for support in response to recent economic, societal and public health events. More than 70% of organizations have placed an increased emphasis on unrestricted support. Funding focused on diversity, equity and inclusion has gained prominence at 30% of organizations.

Detailed Findings and Analysis

Half of development teams plan to return to the office by the Fall.

Approximately half of development teams are already back in the office or plan to return by the Fall. Just over 20% do not yet know when they will return and most of that uncertainty is found at performing arts, environment, animal, human services and historical preservation organizations. Plans for return vary widely across organization types, and some teams expect that a return will look very different from prior to the pandemic, including hybrid schedules (in-office and remote).

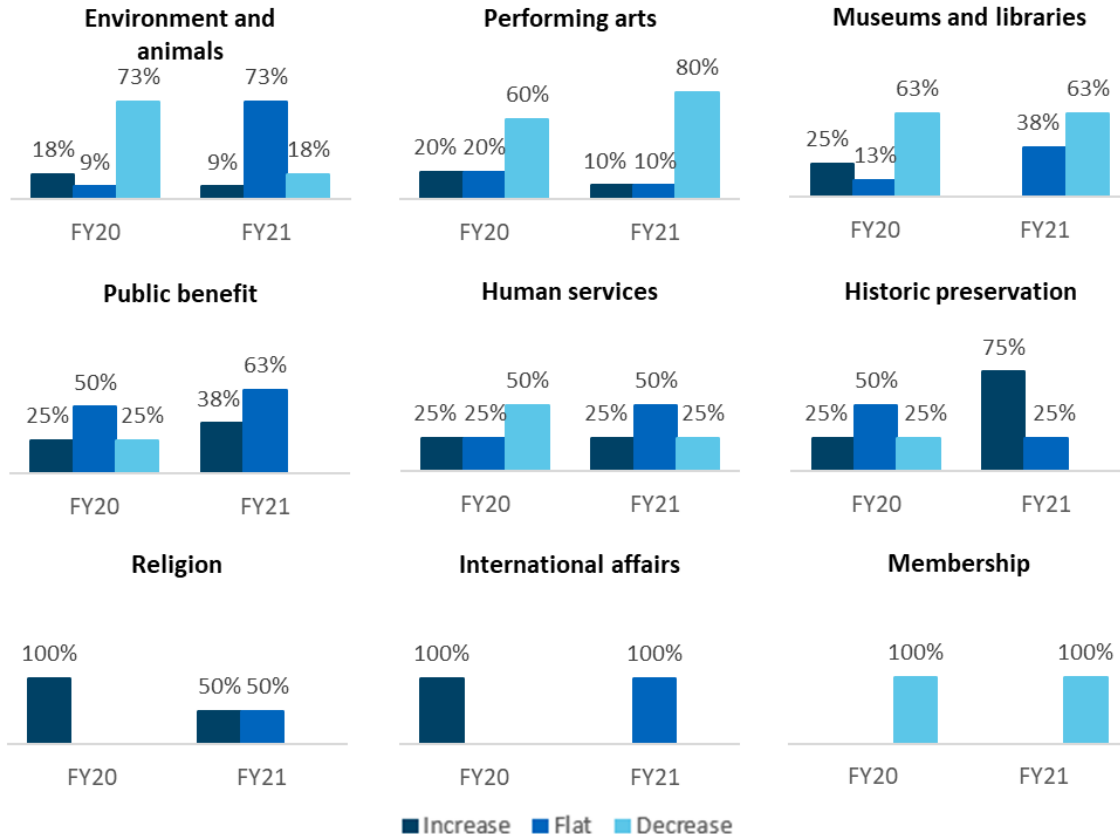
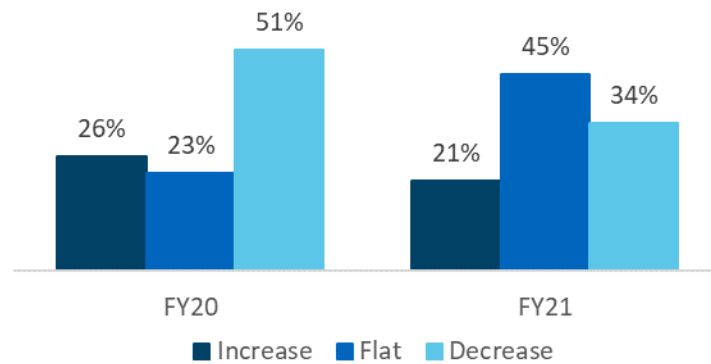
When do you anticipate your development team returning to the office?



Many organizations are optimistic that FY21 gift revenues will remain stable.

While 51% of organizations saw a *decrease* in total gift revenues in FY20, only 34% expect a *decrease* in FY21. In FY21, museums, libraries, performing arts and membership organizations are most likely to expect a *decrease* in total gift revenues. Three-quarters of historic preservation organizations expect an increase.

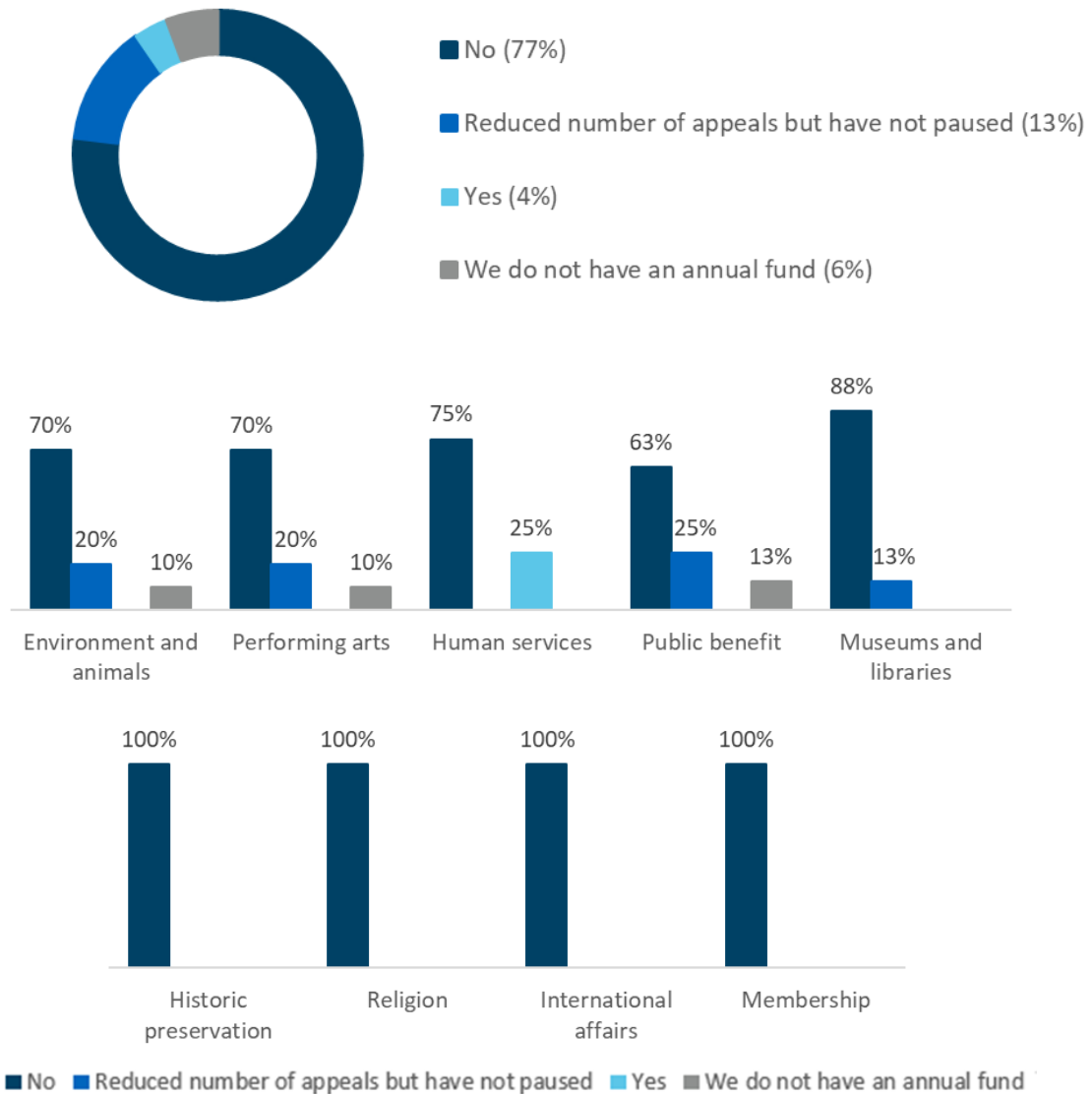
What do you anticipate for total gift revenues in FY20 and FY21?



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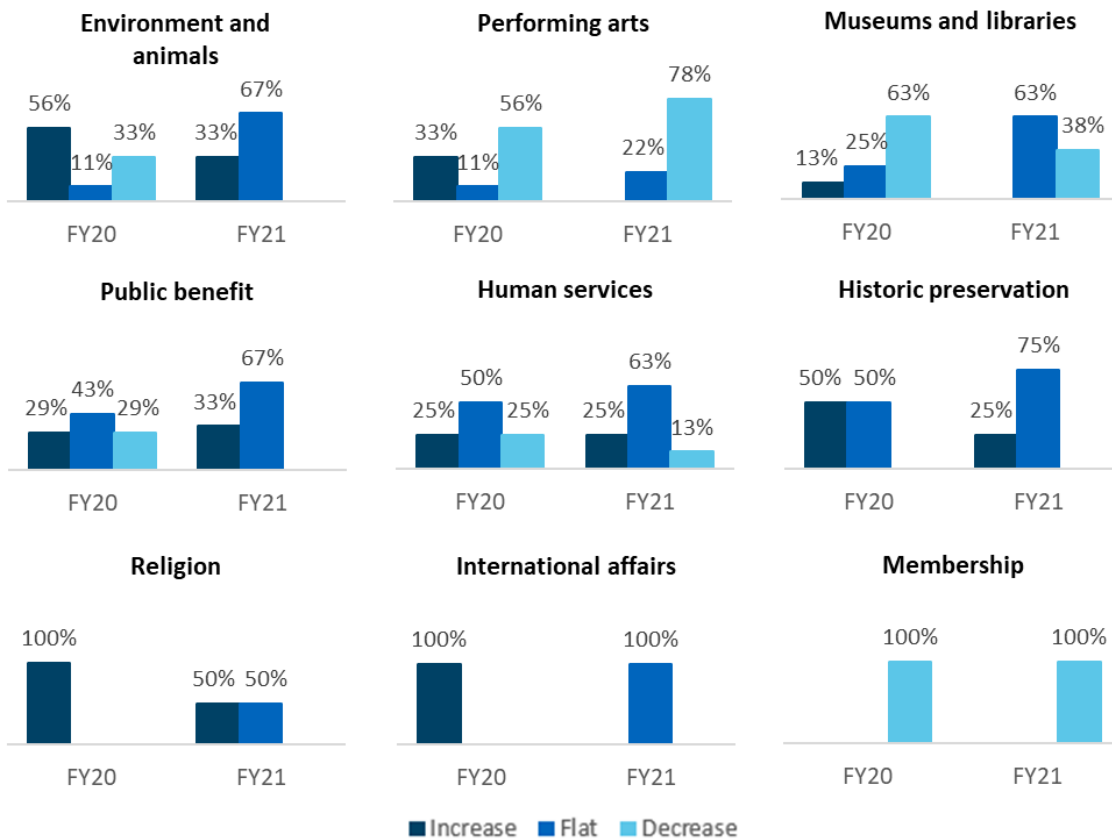
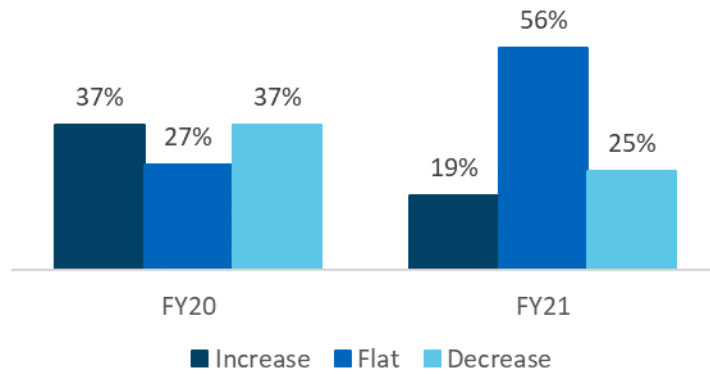
Although only 4% of organizations paused annual fund appeals due to the pandemic, 37% saw a *decrease* in FY20 annual fund gift revenues. Most organizations (56%) expect FY21 annual fund revenues to remain *flat*, with 25% expecting a *decrease*. Museums, libraries, performing arts and membership organizations were most likely to see a *decrease* in FY20. More than 75% of performing arts organizations expect a continued *decrease* in FY21.

Have you paused annual fund appeals due to the pandemic?



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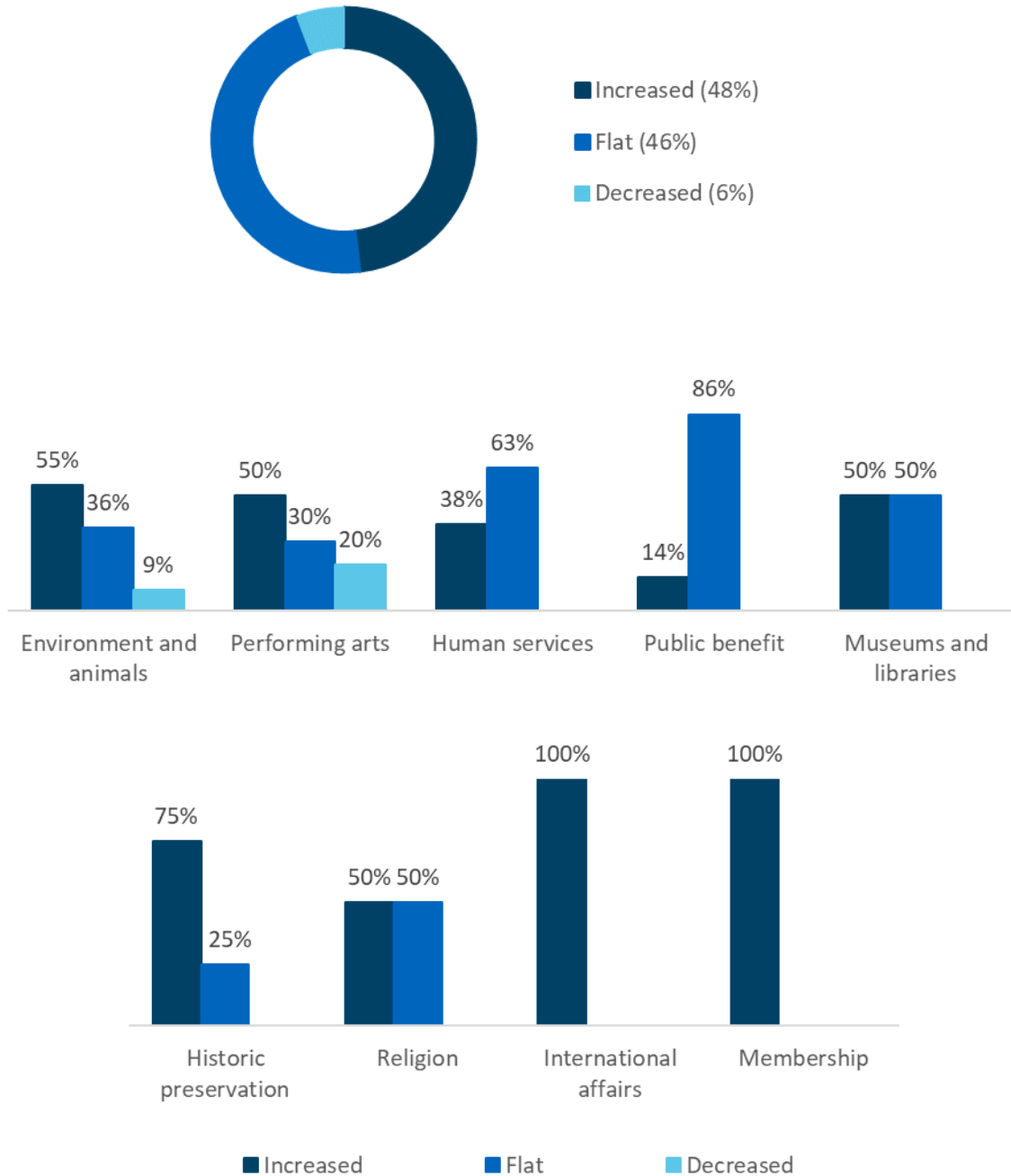
What do you anticipate for annual fund gift revenues in FY20 and FY21?



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More than 90% of organizations (94%) have experienced flat or increased board giving in light of recent events. Only environment, animal and performing arts organizations have witnessed any decrease in board giving.

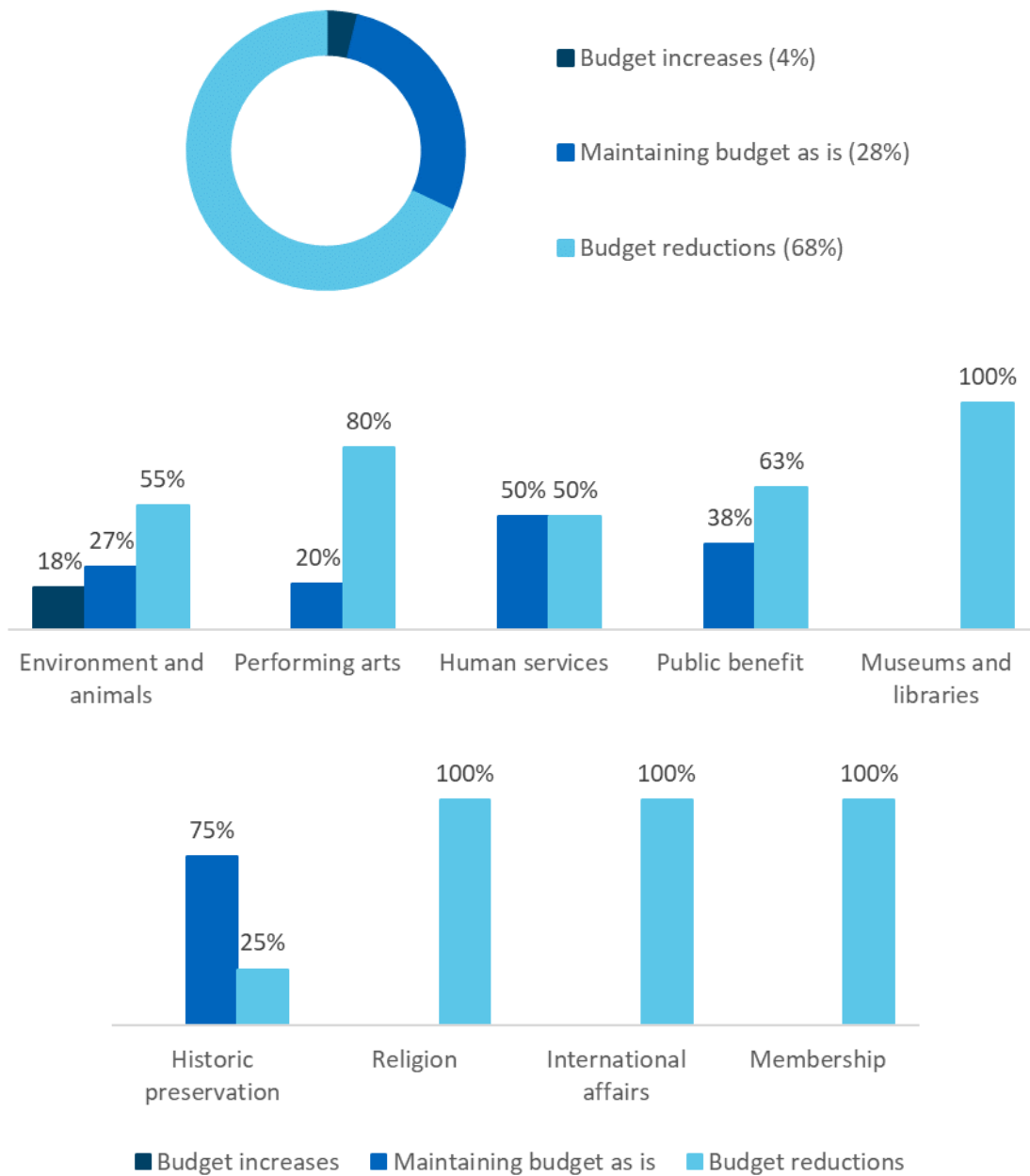
How has board giving to your organization been impacted by recent economic, political and public health events?



Most organizations face budget reductions in the period ahead.

Budget reductions are expected for 68% of development teams. Historic preservation organizations are least likely to see reductions (25%), while all museums, libraries, religious, international affairs and membership organizations expect cuts to be made.

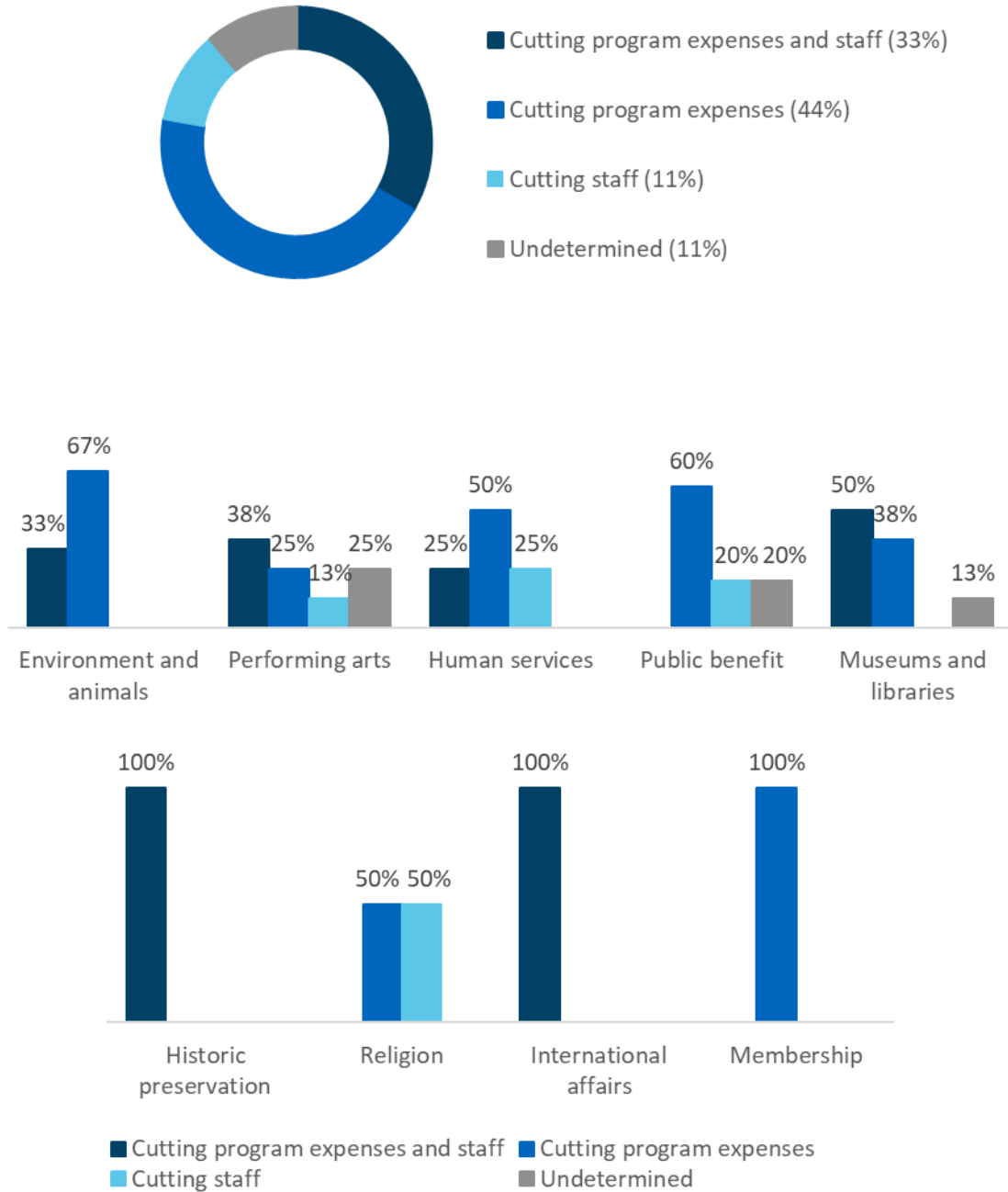
What are the budget implications for your development operation in the period ahead?



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Budget reductions are impacting development teams broadly, with 33% cutting program expenses and staff and 44% cutting program expenses only. Most likely to see reductions made to both program expenses and staff are museums and libraries (50%), historic preservation (100%) and international affairs (100%) organizations.

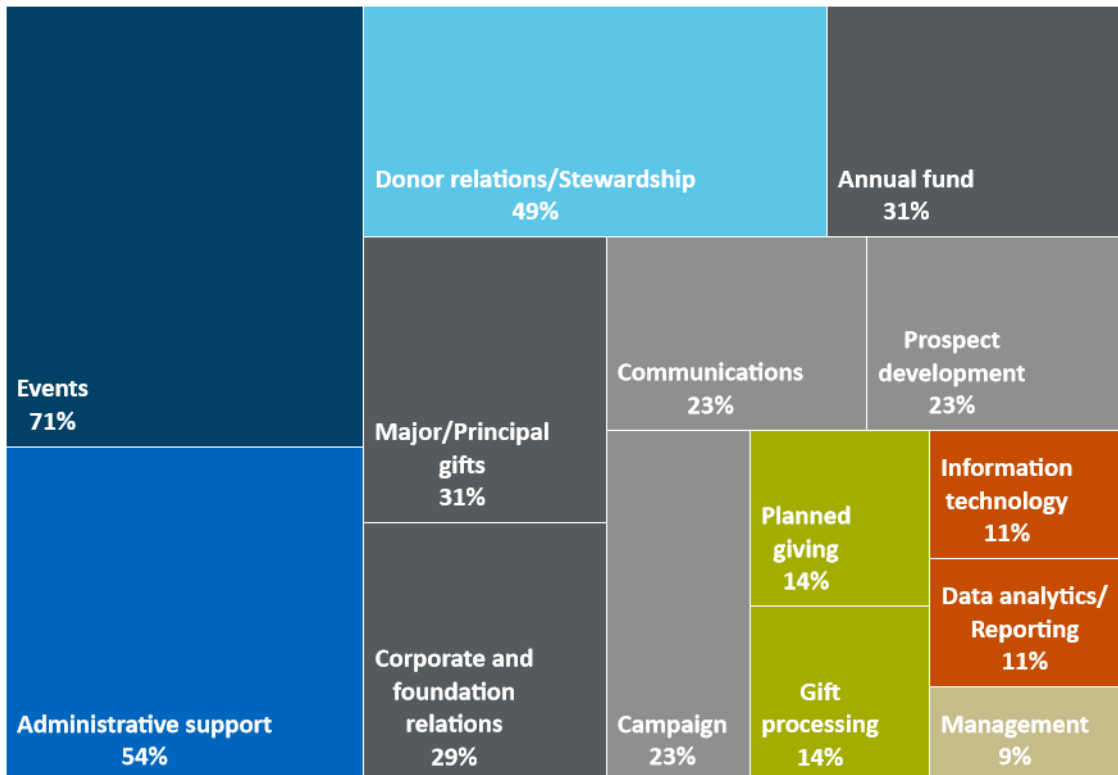
What changes are being made as a result of budget reductions?



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Within the full cohort, every program is being impacted at some level. Event programs (71%) are most likely to be impacted by budget reductions, followed by administrative support (54%) and donor relations/stewardship (49%).

Which programs will be or have been directly impacted by budget reductions? (select all that apply)



More than one-third of development teams (35%) have instituted hiring freezes as one way to manage expenses. Furloughs and/or layoffs have been implemented at 28% of organizations. Another measure includes salary freezes or reductions (13%). A surprising 31% of organizations are expecting no staff eliminations or hiring freezes.

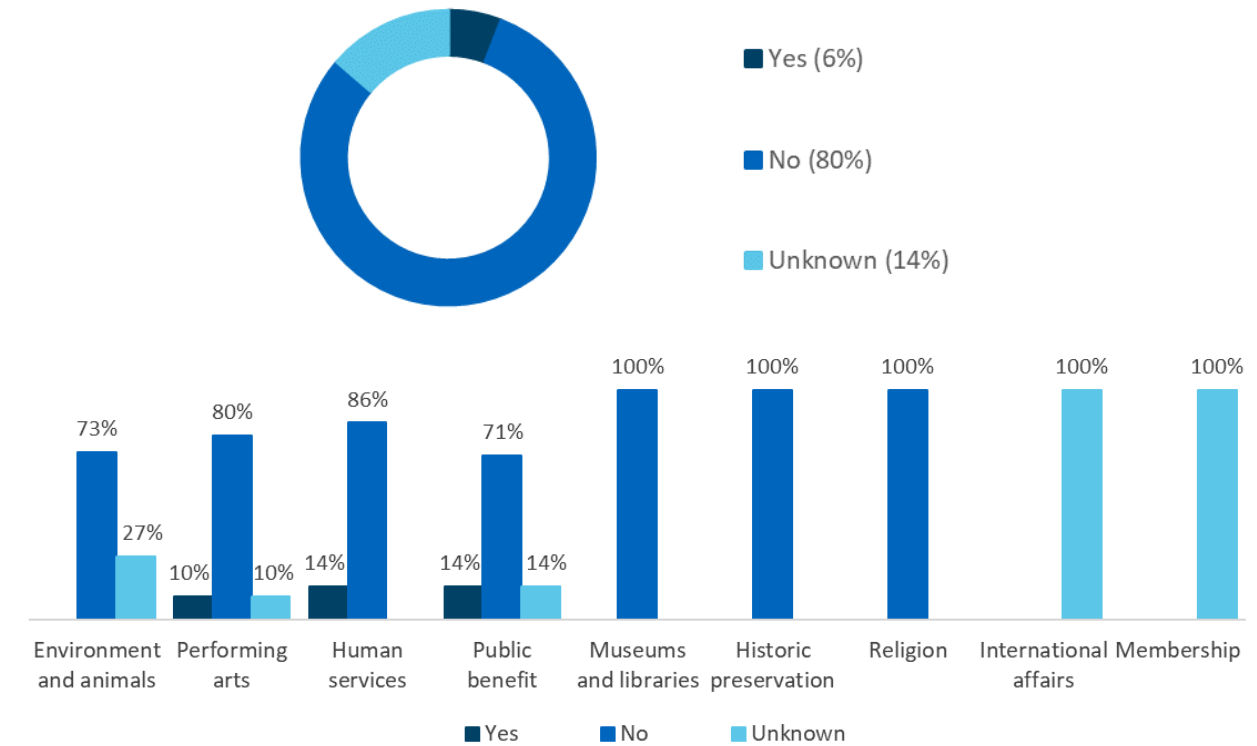
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How has development staffing been impacted? (select all that apply)



Most organizations (80%) are not making changes to how their endowment is managed. However, some performing arts (10%), human services (14%) and public benefit (14%) organizations are doing so. Changes include increasing the draw and re-balancing investments.

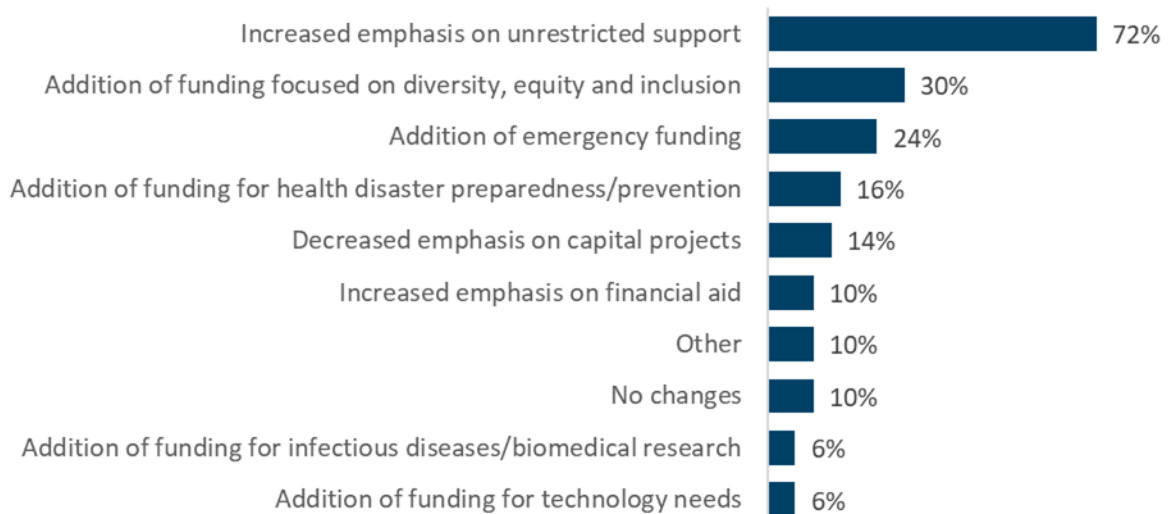
Are you making any changes to the way you manage your endowment?



Organizations are emphasizing unrestricted support in their case for support.

Many organizations have made changes to their case for support in response to recent economic, political and public health events. More than 70% of organizations (72%) have placed an increased emphasis on unrestricted support. Funding focused on diversity, equity and inclusion has gained prominence at 30% of organizations.

How has your case for support changes in response to recent economic, political and public health events?
(select all that apply)



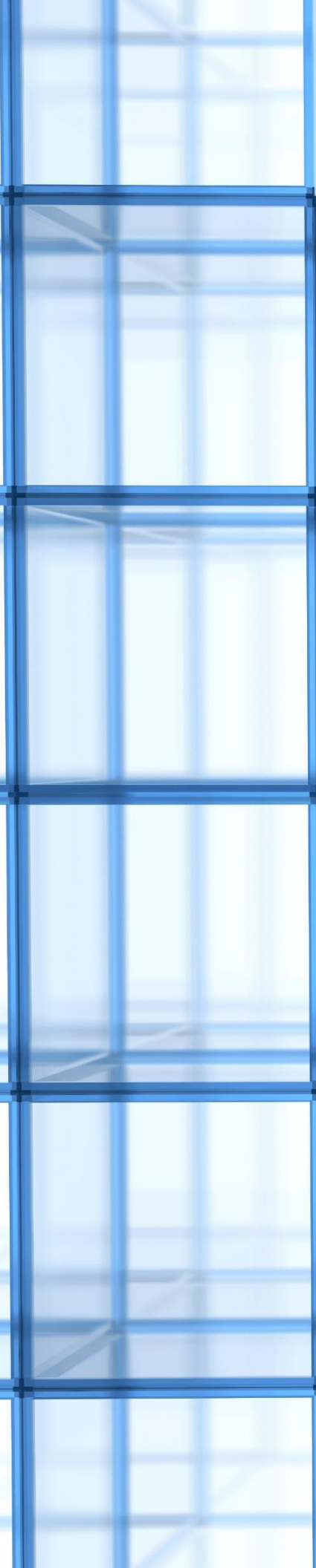
Events continue to change with the times we're in.

From campaign kickoffs to reunions and donor relations events, organizations of all sizes have had to pivot during challenging circumstances. While some organizations are still developing event strategies or have decided to postpone signature events, most are developing virtual alternatives or a hybrid approach that combines small, social distanced in-person events with a virtual component. Overall, organizations are focused on short, engaging events that still allow constituents to connect meaningfully with the mission. Keys to success have included changing virtual platforms based on the event's type and purpose, keeping events short, starting simple and building on success, curating quality content and creating interactive experiences. An area of concern is the quality and production value of virtual events, which some noted can be very uneven.

Continue to look forward.

Organizations will continue to face challenging decisions as economic, political and public health issues persist in nearly every facet of our lives. As one respondent noted, “Staff stress has increased and is also dispersed differently throughout the organization, depending on a variety of factors such as having children at home, health conditions, race divisions, etc. It is challenging to apply a ‘one size fits all’ approach to employee policies and engagement at this time. Using an equity lens has become even more important.”

Development teams must continue to rapidly evolve, moving forward intentionally, and often with fewer resources. As one respondent notes, strategy is imperative. “Since the outset of the pandemic, our organization has worked strategically on keeping the organization intact and engaged with patrons while retaining key development, artistic and administrative staff at a level where we can successfully reach our FY21 goals.” As your organization continues to weather these challenging times, it will be essential to demonstrate to donors the impact of continued giving to a mission that matters now as much as – if not more than – it did before.



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