

Impact of Recent Events on Development Staffing and Budgets: Healthcare

July 2020

Marts&Lundy

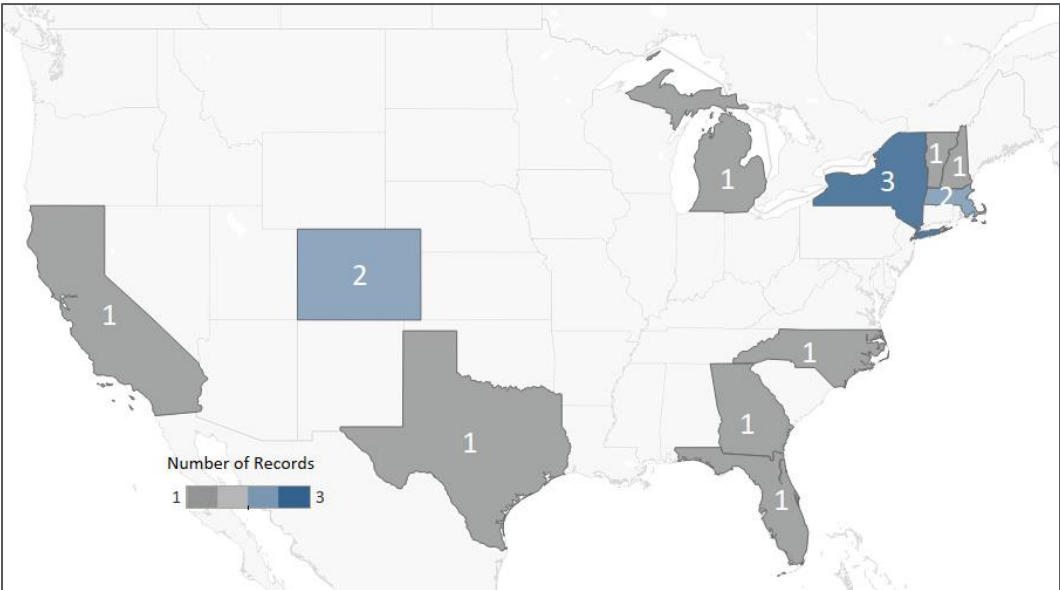
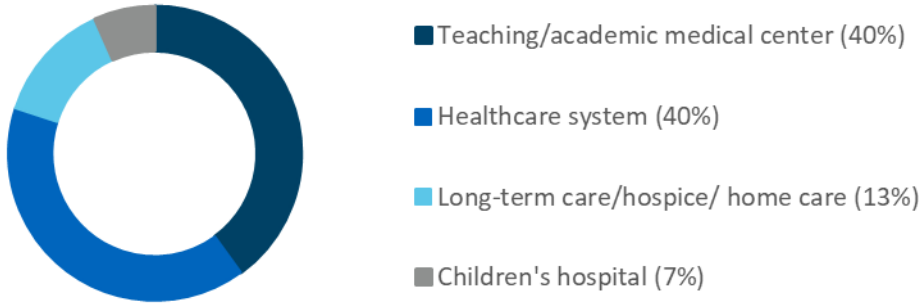
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A Survey of How Recent Events Have Impacted Development Staffing and Budgets

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 healthcare development staffing and budget decisions. 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 15 healthcare organizations participated in the survey. Eleven states are represented in the full cohort.



Summary of Findings

Most development teams plan to return to the office by the Fall.

Nearly three-quarters of healthcare development teams are already back in the office or plan to return by the Fall. Some teams expect that a return will look very different from prior to the pandemic, including hybrid schedules (in-office and remote).

While FY20 total gift revenues were mostly positive, most organizations anticipate a decrease in FY21. Annual fund revenues and board giving have been more encouraging.

While only one-third of institutions saw a *decrease* in total gift revenues in FY20, more than half expect a *decrease* in FY21. Teaching/academic medical centers and healthcare systems are experiencing similar results, with half of organizations seeing an *increase* in FY20 but 67% expecting a *decrease* in FY21.

Less than 30% of institutions paused annual fund appeals due to the pandemic, and FY20 annual fund revenues fared well in the healthcare sector (47% experienced an *increase*) when compared to other sectors. Most healthcare organizations expect a positive or flat year for their annual funds in FY21, with only 20% anticipating a *decrease*.

All responding organizations have experienced flat or increased board giving in light of recent events – no boards have decreased giving.

Most organizations face budget reductions in the period ahead.

Budget reductions are expected for nearly three-quarters of healthcare development teams, including all responding teaching/academic medical centers. Development teams are being broadly impacted by reductions, with 36% cutting program expenses and staff and 55% cutting program expenses only.

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, annual fund,

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campaign, corporate and foundation relations, donor relations/ stewardship and major/principal gifts.

Most development teams have instituted hiring freezes as one way to manage expenses, and more than a quarter of institutions have implemented furloughs and/or layoffs. No staff eliminations or hiring freezes are anticipated at 27% of organizations.

Institutions are emphasizing emergency funding and funding for infectious diseases/biomedical research in their case for support.

All responding healthcare organizations have made changes to their case for support in response to recent economic, political and public health events. More than two-thirds have added emergency funding and funding for infectious diseases/biomedical research to their cases. Funding focused on diversity, equity and inclusion has gained prominence at one-third of organizations.

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

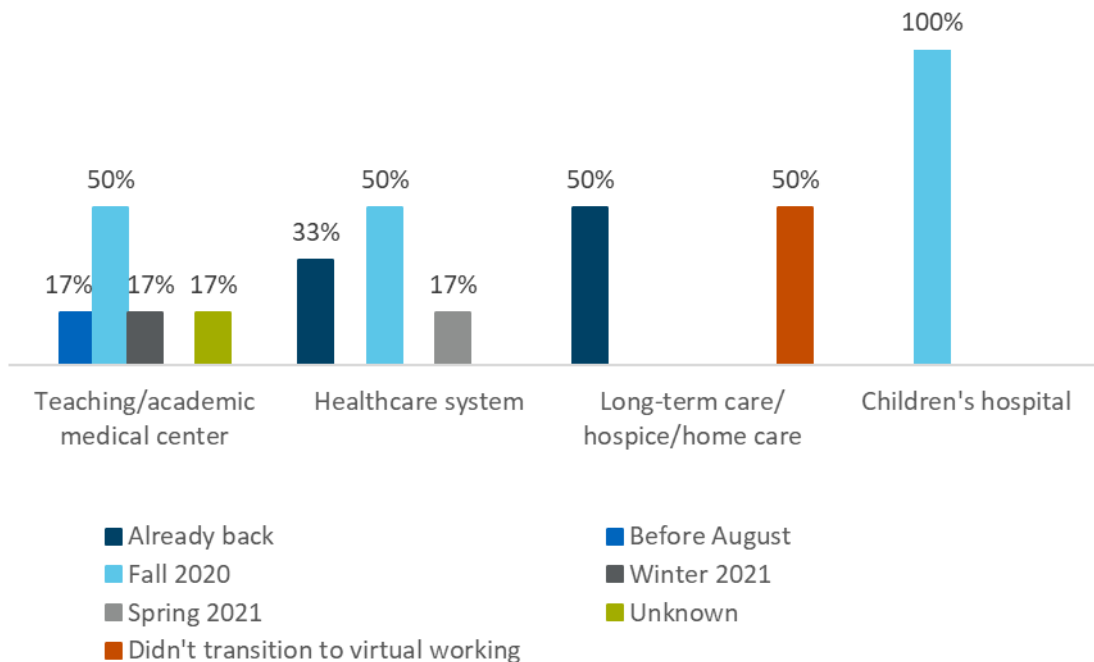
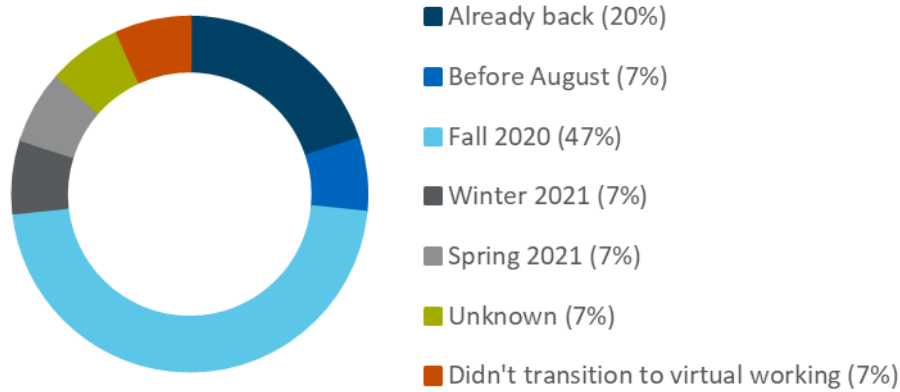
From campaign kickoffs to educational and donor relations events, organizations of all sizes have had to pivot during challenging circumstances. While some healthcare organizations are still developing event strategies or have decided to postpone events, most are developing virtual alternatives. Overall, institutions are focused on quality, engaging virtual events that allow constituents to connect meaningfully with the mission. Keys to success have included keeping events short and engaging, high-interest topics, intensive planning and rehearsals and multi-channel promotion of events.

Detailed Findings and Analysis

Most development teams plan to return to the office by the Fall.

Nearly three-quarters of healthcare development teams (73%) are already back in the office or plan to return by the Fall. Some teams expect that a return will look very different from prior to the pandemic, including hybrid schedules (in-office and remote).

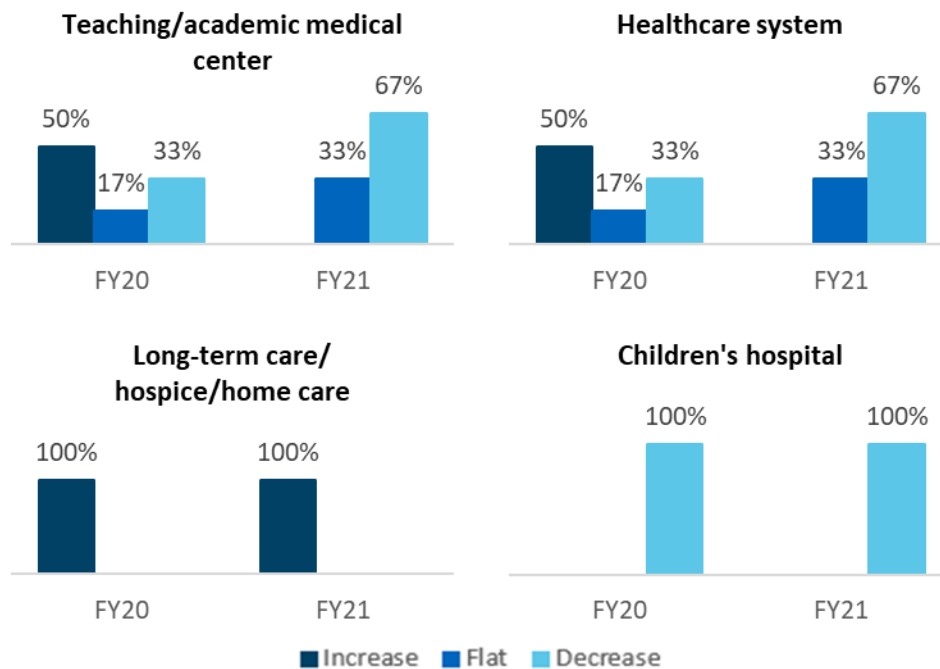
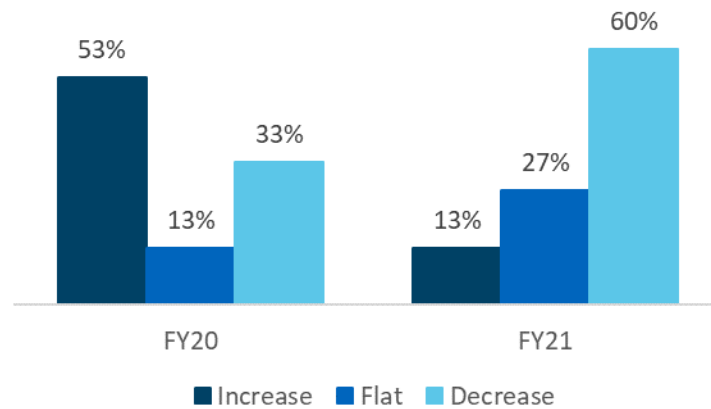
When do you anticipate your development team returning to the office?



While FY20 total gift revenues were mostly positive, most organizations anticipate a decrease in FY21. Annual fund revenues and board giving have been more encouraging.

While only one-third (33%) of institutions saw a *decrease* in total gift revenues in FY20, more than half (60%) expect a *decrease* in FY21. Teaching/academic medical centers and healthcare systems are experiencing similar results, with half of organizations (50%) seeing an *increase* in FY20 but 67% expecting a *decrease* in FY21.

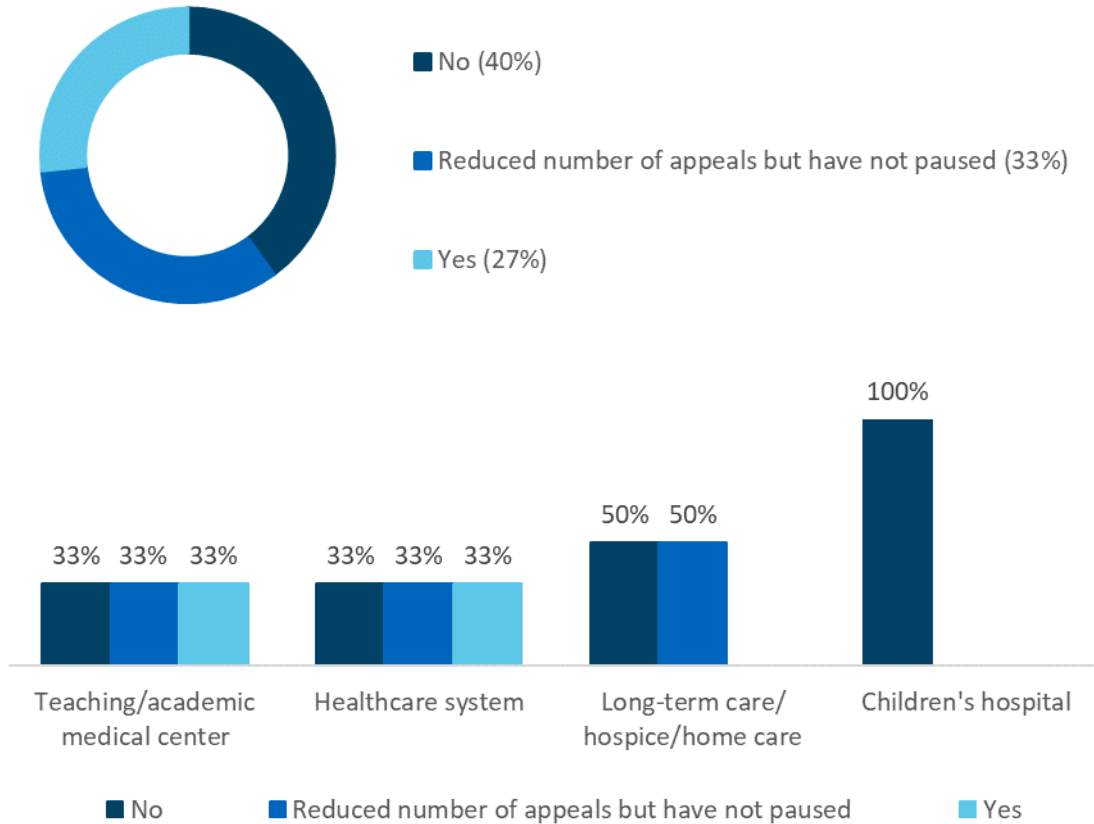
What do you anticipate for total gift revenues in FY20 and FY21?



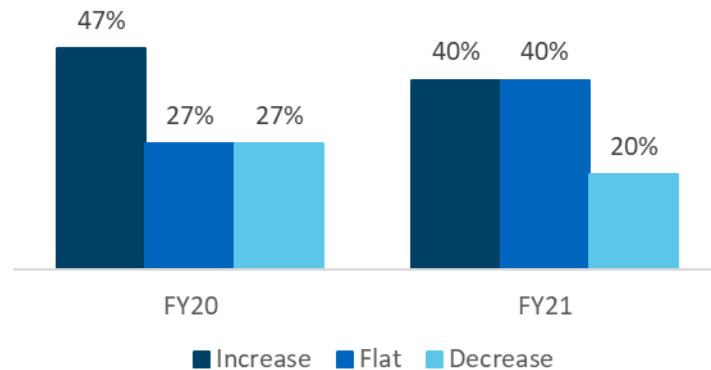
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Less than 30% of institutions paused annual fund appeals due to the pandemic, and FY20 annual fund revenues fared well in the healthcare sector (47% increase; 27% decrease) when compared to other sectors. Most healthcare organizations (80%) expect a positive or flat year for their annual funds in FY21, with only 20% anticipating a *decrease*.

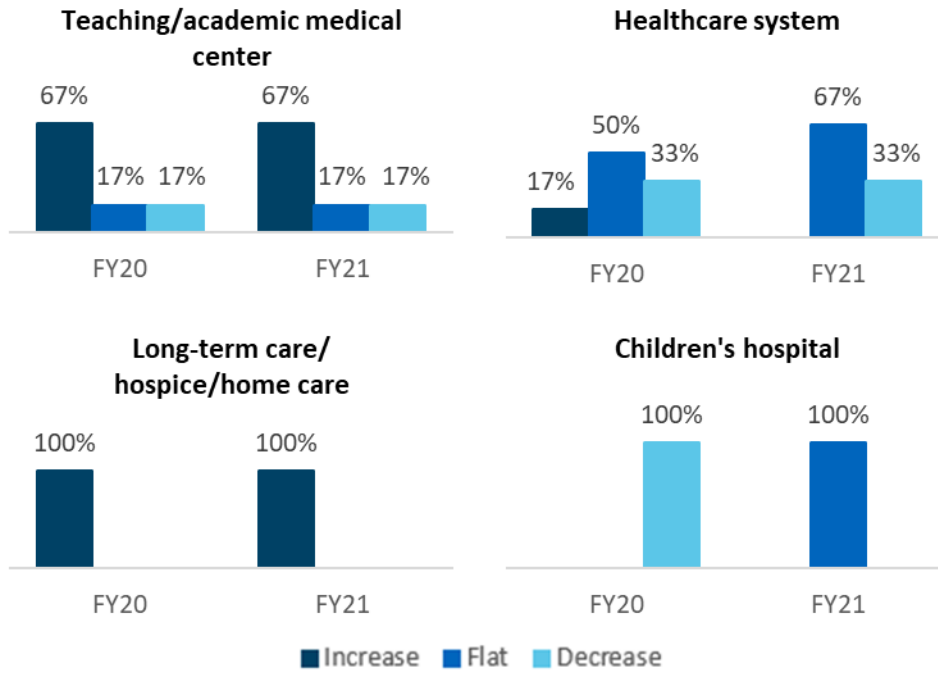
Have you paused annual fund appeals due to the pandemic?



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

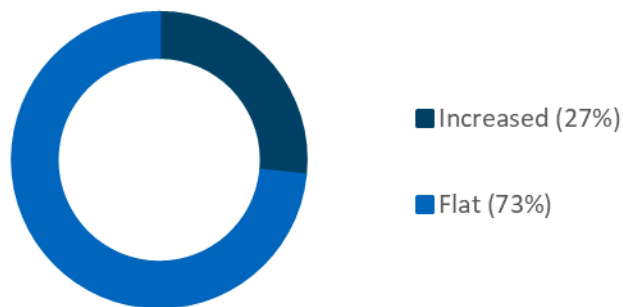


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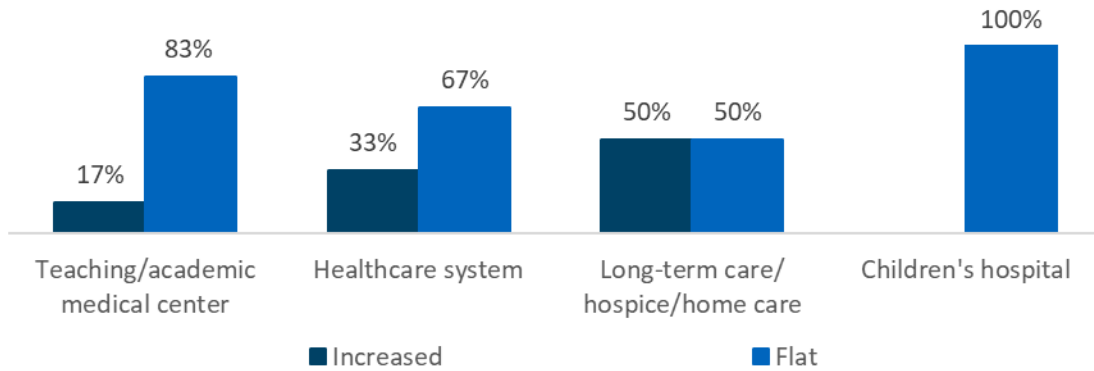


All responding organizations have experienced flat or increased board giving in light of recent events – no boards have decreased giving.

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



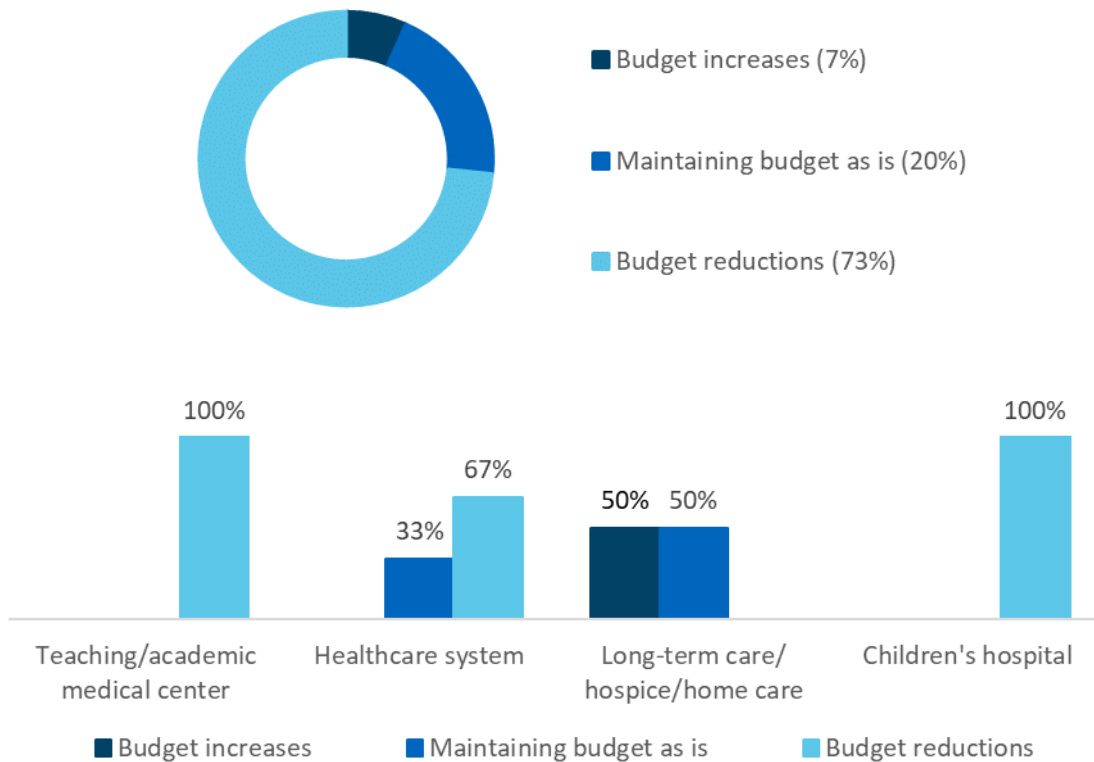
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Most institutions face budget reductions in the period ahead.

Budget reductions are expected for nearly three-quarters (73%) of healthcare development teams, including all responding teaching/academic medical centers.

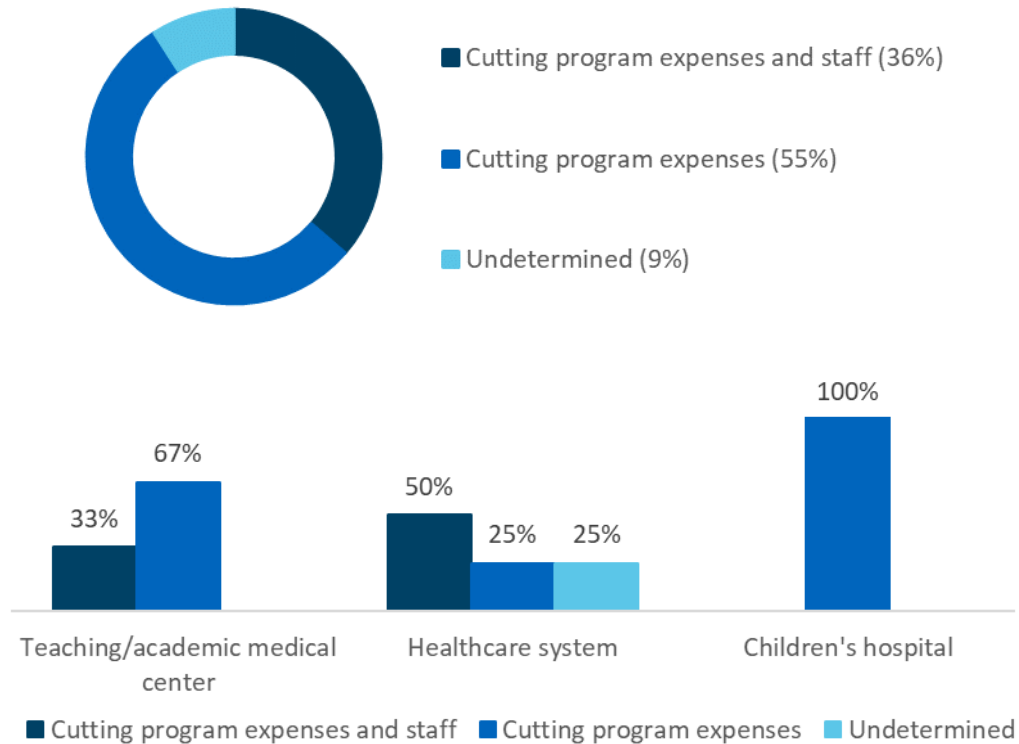
What are the budget implications for your development operation in the period ahead?



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Development teams are being broadly impacted by reductions, with 36% cutting program expenses and staff and 55% cutting program expenses only.

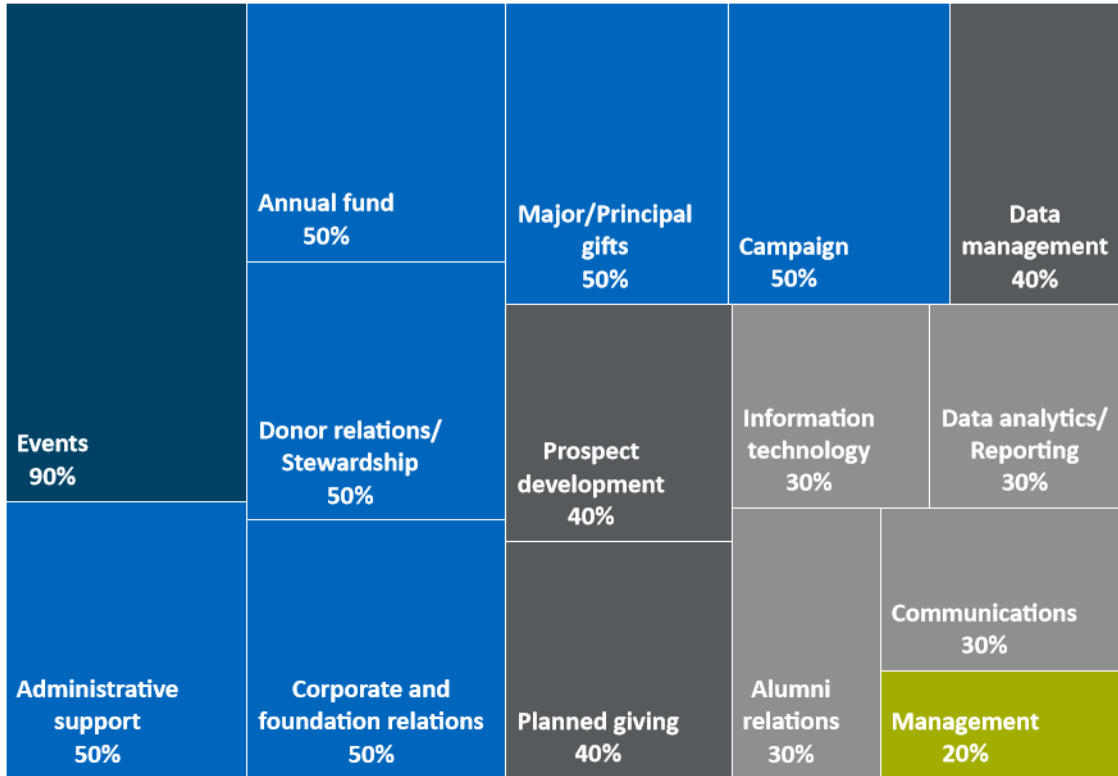
What changes are being made as a result of budget reductions?



Within the full cohort, every program is being impacted at some level. Event programs are most likely (90%) to be impacted by budget reductions, followed by administrative support, annual fund, campaign, corporate and foundation relations, donor relations/ stewardship and major/principal gifts (50% each). As one respondent noted, "All units will likely see a reduction in program dollars this year. This will require our teams to be creative with resources."

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



Most development teams (67%) have instituted hiring freezes as one way to manage expenses. More than a quarter of institutions (27%) have implemented furloughs and/or layoffs. No staff eliminations or hiring freezes are anticipated at 27% of organizations.

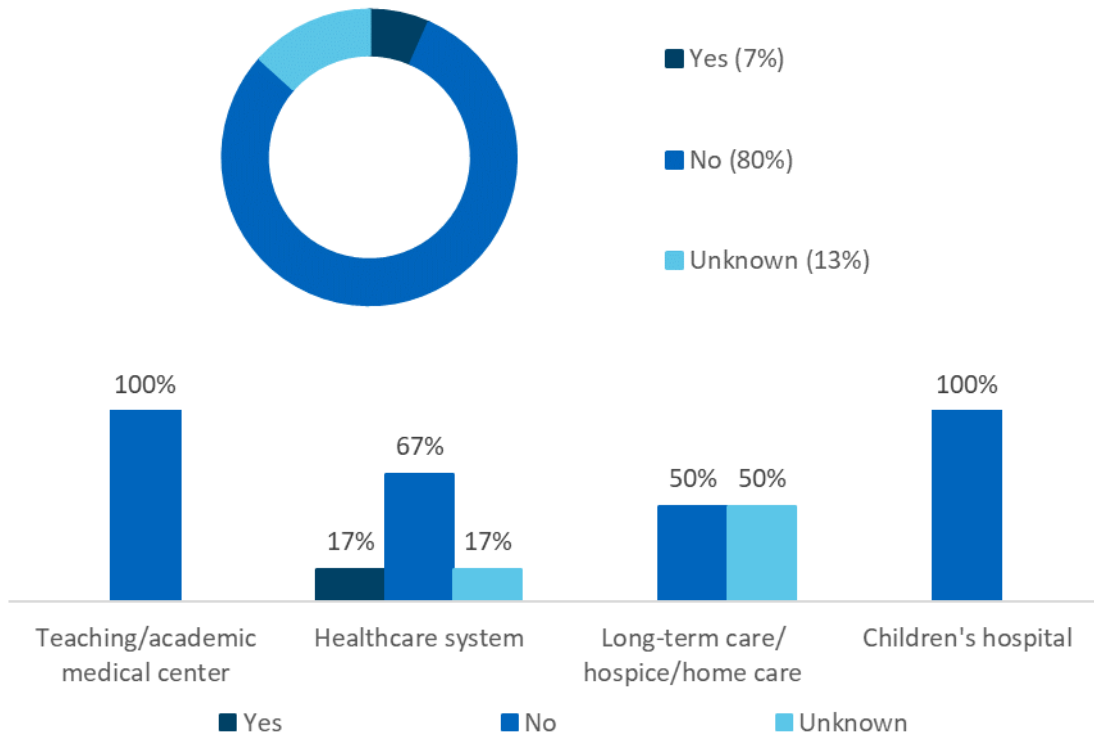
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How has development staffing been impacted? (select all that apply)



Most institutions (80%) are not making changes to how their endowment is managed.

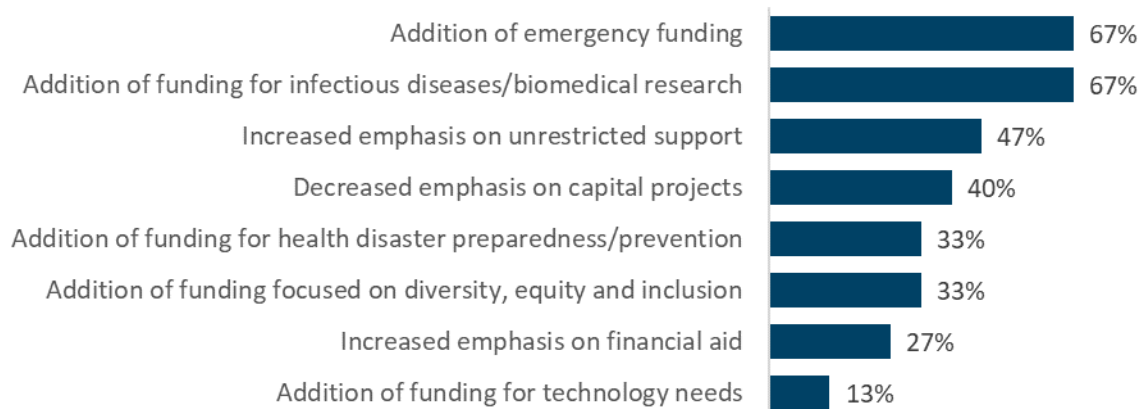
Are you making any changes to the way you manage your endowment?



Institutions are emphasizing emergency funding and funding for infectious diseases/biomedical research their case for support.

All responding healthcare organizations have made changes to their case for support in response to recent economic, political and public health events. More than two-thirds (67%) have added emergency funding and funding for infectious diseases/biomedical research to their cases. Funding focused on diversity, equity and inclusion has gained prominence at one-third (33%) of organizations.

How has your case for support changed 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 educational and donor relations events, organizations of all sizes have had to pivot during challenging circumstances. While some healthcare organizations are still developing event strategies or have decided to postpone events, most are developing virtual alternatives. Overall, institutions are focused on quality, engaging virtual events that allow constituents to connect meaningfully with the mission. Keys to success have included keeping events short and engaging, high-interest topics, intensive planning and rehearsals and multi-channel promotion of events. One respondent noted that with travel no longer being a barrier to attendance, they have been able to attract participants from outside their main region.

Continue to look forward.

Healthcare organizations will continue to face challenging decisions as economic, political and public health issues persist in nearly every facet of our lives. Development teams must continue to rapidly evolve – sometimes with fewer resources – as they strive to maintain productivity and demonstrate to donors the impact of continued giving to a mission that matters now as much as it did before. As one respondent noted, “We are focusing on appropriate messages of hope and our ongoing need for support that allows us to fulfill our mission.” Continue to look ahead with intention.



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