The years 2015 and 2016 are predicted to be stellar for philanthropic giving, with growth rates of 4.8 and 4.9 percent, respectively. This is impressive considering that 2014 was hailed as the best year on record for U.S. philanthropic giving since the 2008 recession. Specifically, Americans gave $358.6 million in 2014, representing an increase of 7.1 percent over the previous year for giving to nonprofits according to Giving USA 2015: The Annual Report on Philanthropy for the Year 2014.1

The Philanthropy Outlook: 2015 & 2016 report by the Indiana University Lilly Family School of Philanthropy projects a 4.9-percent growth rate for U.S. giving in 2016.2 This exceeds the estimated long-term average of 3.8 percent, based on a 40-year giving trend from 1973–2013.

As we await the 2015 year-end totals, encouraging factors signal that 2015 will be a banner year: the launch of major foundation initiatives, large gifts, and economic factors such as the improving U.S. economy, consumer confidence, major stock indexes, and U.S. gross domestic product (GDP) growth. Plus, many nonprofit chief executive officers and executives have shared their optimism, which tracks with a report from Schwab Charitable and Fidelity Charitable that describes a record $1.1 billion or 30-percent increase in grants to charities from their donor-advised-funds compared to fiscal 2014.3

In addition to the Schwab and Fidelity tally, the Chronicle of Philanthropy reports that more than $4 billion or an increase of 21 percent had been given before midyear 2015.4 The largest increases came from donations of $50 million or more, which grew approximately 33 percent to a total of $2 billion.

Examples include hedge fund manager John A. Paulson’s $400-million endowment to Harvard’s School of Engineering and Applied Sciences—the largest gift in the university’s history; and Silicon Valley entrepreneur, former Facebook president, and Napster co-founder Sean Parker’s commitment of $600 million to launch The Parker Foundation, which will focus on life sciences, global public health, and civic engagement. Table 1 lists additional large gifts made in 2015.

Global giving has slowed marginally in recent years as GDP growth has slowed in various countries, but some bright spots bode well for global giving.

The largest global gift of 2015 was announced by Saudi Prince Alwaleed bin Talal, the 34th richest man on Forbes’ list of the world’s billionaires. Alwaleed has committed his personal wealth of $32 billion to Alwaleed Philanthropies to fund Muslim and non-Muslim countries addressing intercultural understanding, poverty and famine elimination, disease eradication, education, disaster relief, and empowering women. Previously, Alwaleed Philanthropies has partnered with The Bill & Melinda Gates Foundation on similar issues.

Interestingly or thankfully, although monetary donations have slowed slightly across the globe, globally people are increasing their volunteer activities and direct support of others less fortunate.

Trending for Good
As researchers and data analysts begin closing out the books on 2015, let’s turn our attention to 2016 and its charitable promise.

### Table 1: 2015 Top Philanthropic Gifts

<table>
<thead>
<tr>
<th>Donor</th>
<th>Gift Amount</th>
<th>Recipient</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sean Parker</td>
<td>$600 million</td>
<td>The Parker Foundation</td>
</tr>
<tr>
<td>John Paulson</td>
<td>$400 million</td>
<td>Harvard University</td>
</tr>
<tr>
<td>Stephen Schwarzman</td>
<td>$150 million</td>
<td>Yale University</td>
</tr>
<tr>
<td>David Koch</td>
<td>$150 million</td>
<td>Memorial Sloan Kettering Cancer Center</td>
</tr>
<tr>
<td>David Geffen Foundation</td>
<td>$100 million</td>
<td>Lincoln Center for the Performing Arts</td>
</tr>
<tr>
<td>Roberta Buffett Elliott</td>
<td>$100 million</td>
<td>Northwestern University</td>
</tr>
<tr>
<td>Rady Family Foundation (Ernest and Evelyn Rady)</td>
<td>$100 million</td>
<td>University of California, San Diego, Rady School of Management</td>
</tr>
<tr>
<td>Marion Anderson</td>
<td>$100 million</td>
<td>University of California, Los Angeles, Anderson School of Management</td>
</tr>
<tr>
<td>Henry and Marie-Josee Kravis</td>
<td>$100 million</td>
<td>Rockefeller University</td>
</tr>
</tbody>
</table>

Note: Sample list of large gifts announced in 2015.

© 2015 Investment Management Consultants Association Inc. Reprinted with permission. All rights reserved.
U.S. giving is forecast to grow 4.9 percent, with much of the increase derived from a few key sources such as foundation and estate giving (see Table 2).³

We can expect to achieve these increases with large gifts that have been in the works and the launch of initiatives similar to the 100,000 Opportunities Initiative led by a dozen or so corporations to employ young adults.⁶ Expect several themes from 2015 to carry over to 2016.

Donors are actively seeking social impact derived from business models that are responsive, adaptive, economically viable, and sustainable. The market is responding and we can expect to see it manifest in the form of the following:

- Big ideas
- Collaboration
- Innovative funding structures
- Outcomes, outcomes, outcomes

Each of those trends will be accompanied by ample creativity, field tests, and innovative developments that we should heed while planning for the coming year(s).

**Big Ideas, Big Gifts**

The big gifts of 2015 have varied in mission, but the social issues addressed and the theories of change share a common thread: A Big, Bold Idea. As Henry Miller wrote, "Whatever there be of progress in life comes not through adaptation but through daring ..."⁷

Each of these big gifts made in 2015 possesses big, bold thinking about how to effect change, achieve results, and improve society for families and individuals. They don’t apologize for asking difficult questions. They seek to transform, scale-up, and disrupt the status quo. They dare to tackle root causes, systemic issues, and policy roadblocks. They are comfortable bringing in new players and trying new approaches, services, or delivery methods.

I am hopeful that in 2016 we will see more courage to stop funding ineffective programs that seem to simply chug along. I’m sure we all know of just such a program. I remember the precious little book drive each year and the angelic children on the posters and collection bins. Who doesn’t love a good book drive? But this one was plagued by problems that led to an annual round of groans and sighs from the board and staff as they endured yet another year of too few books collected and even fewer children enjoying them. The poor performance zapped the organization of its energy and morale, and the real tragedy was stagnant literacy rates and disappointed families and children.

Philanthropic individuals and families are looking for fresh new ideas that capture the imagination. Ideas that are disruptive in nature, daring in approach, and able to re-imagine the issues and the proposed solutions will dominate 2016. Upending delivery methods (full-service health clinics in schools), scaling game-changing models (school districts vs. a stand-alone charter school), and unlocking the potential of promising solutions will energize both sophisticated and emerging (or young and old) donors equally.

Older and younger members of families are poised to embrace efforts to amplify impact. They have witnessed dwindling public budgets, overburdened social services, and stagnant economic development and opportunities. Troubling increases in issues related to unemployment, housing, hunger, education, and health care are reaching across income levels and socioeconomic classes, into the middle class. The traditional giving areas such as education, basic living needs (employment, housing, food, security), the arts, religion, and environmental causes will continue to top the list, and they will benefit from some fresh thinking.

**Collaboration**

With big and bold ideas comes the need for collaboration. Private and public partnership language gets bandied about on a daily basis, but it is likely to take on greater importance and various forms in 2016. The market has had a number of years to see what works and what doesn’t, and there is greater appreciation of the hard work involved in maintaining such partnerships. As a result, key players are more realistic about the challenges—and the benefits—of collaborating. Even the most unlikely partners are figuring out how to co-exist to compound their efforts.

Tina Brown eloquently captured the prison reform efforts on the left and the right in her Daily Beast post, “Strange Cellmates: Here’s a Reform Even the Koch Brothers and George Soros Can Agree On.”⁸

Expect more family foundations and corporate and private foundations to launch or expand collaborations and actively seek out partners. In addition to an infusion of assets and aligned agendas, collaborations allow for shared learning regardless of the depth of one’s philanthropic experience. A prime example is the Post-2015 Partnership Platform for Philanthropy, an international coalition led by the United Nations Development Program, the Foundation Center, and Rockefeller Philanthropy Advisors.

Another response to the collaboration trend that continues to emerge is the convening of philanthropic individuals and families and foundation professionals through membership organizations, small dinners, and salon series with key content experts. The purpose of such gatherings is to facilitate shared learning, collaboration, and investing in social issues. These too will be a valuable resource to help engage clients into the more meaningful and innovative efforts occurring globally.

### Table 2: 2016 Philanthropic Growth Drivers

<table>
<thead>
<tr>
<th>2016 U.S. giving is projected to grow 4.9 percent based on:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Foundation giving</td>
<td>6.7%</td>
</tr>
<tr>
<td>Estate giving</td>
<td>6.3%</td>
</tr>
<tr>
<td>Corporate giving</td>
<td>4.8%</td>
</tr>
<tr>
<td>Individual giving</td>
<td>4.1%</td>
</tr>
</tbody>
</table>
Innovative Financing Structures
An exciting part of collaboration will lie in the ability of the collaboration to support and encourage a range of financial options and structures.

Investment consultants and wealth managers can be invaluable in helping structure creative funding. Social enterprises and collaborations can offer different risks and returns that will appeal to different types of investors. When viewed this way, a variety of options arise, such as traditional grants, debt, equity, loan guarantees, social impact bonds, blended equity-debt, and program-related investments.

Utilizing the full range of financial instruments benefits the social sector’s need for access to capital and also attracts new investors or existing investors in new ways. With the entrance of new types of investors and funding structures, an added level of rigor around social impact, returns, and monitoring metrics will follow, and so will greater transparency and review of social models and programs.

Plus, with the growing trend of people wanting to get philanthropically active earlier in their lives, advisors have an opportunity to introduce such opportunities to the next generation of philanthropists among their clients. The ability to facilitate these activities can be value-added in strengthening client relationships and boosting the roles of advisors, consultants, and managers.

Outcomes, Outcomes, Outcomes
If the philanthropic sector wishes to access the capital markets and financial options discussed above, it behooves the players to develop robust and transparent ways to achieve, evaluate, report, and monitor social outcomes.

It is no surprise that issues related to education reform, unemployment, health care and disease, affordable housing, homelessness, hunger, low literacy rates, and violence persist and in some communities and populations are increasing to record levels. A collective sigh goes out—among donors, charities, nonprofit professionals, community leaders, elected officials, and ultimately the participants themselves for whom many of these programs are lifelines—when headlines appear such as this: “NYC Social Impact Investment Fails to Meet Goal.”

The article tells the story of the nation’s first social impact bond—a pay-for-performance vehicle that leverages private funding to finance public services—which was discontinued a year early. The New York City program, designed to reduce recidivism rates by 10 percent among 16- to 18-year-old inmates, didn’t meet its goal. The social impact bond worked in the sense that the city got to pilot and try some new programming without risking taxpayer money, but the program itself fell short.

It is fair to say that in nonprofit conference rooms across the country, such a headline re-ignites questions such as: "Am I making a difference, an impact?" "What will it take to realize substantial returns?" Such conversations play out many times over the course of any year as advisors, boards, donors, foundations, and a multitude of community stakeholders concentrate on outcomes and get restless as myriad resources are deployed without realization of the promised outcomes and results.

Those who are able to respond with strong, compelling proposals and evidence-based programs will jump to the front of the line.

For donors and all involved parties, this will involve greater due diligence; review of leadership, staff, and infrastructure; and more spending built into program budgets for third-party evaluation and processes to capture, analyze, report, and manage metrics and data.

Nonprofit organizations would agree that general operating expenses and evaluation/metrics are some of the hardest items to secure funding for, despite the high demand from funders to see the metrics and outcomes. Perhaps 2016 will be the year to change that trend.

Added to the focus on outcomes will be greater demand for transparency and utilization of good-governance practices to ensure proper deployment of monetary and non-monetary resources.

Conclusion
The number of challenges negatively impacting the quality of life for individuals, families, and society are vast. Likewise, the solutions to address them are just as numerous and are limited only by our imagination and conviction.

Advisors can be instrumental in helping clients navigate various conversations, opportunities, and developments in this arena, ensuring that opportunities appropriately align with clients’ philanthropic goals, existing philanthropic efforts, wealth, giving profiles, and desired financial and social returns.

What better way to start 2016 than as advisors and managers talking to clients about the social good they are involved in and how they can increase their impact.

Gayle Jennings-O’Byrne is president and chief executive officer of The Prometheus Exchange, an organization for high-net-worth investors committed to innovation, creativity, and economic growth and equality, where she works to amplify social change.

Previously she was a vice president at JPMorgan Chase Global Philanthropy. She earned a BS in economics from The Wharton School and an MBA from the University of Michigan Ross School of Business. Contact her at letstalk@theprometheusexchange.com.

Resources
Several resources for facilitating client conversations and staying abreast of the sector developments include the research, events, and publications offered at leading universities such as the Lilly Family School of Philanthropy at Indiana University, the Center for High Impact Philanthropy at the University of Pennsylvania, and Stanford’s Social Innovation Review publication.

Associations such as the Council on Foundations, European Venture Philanthropy Association, Philanthropy Roundtable, Exponent Philanthropy, and Center for
Charitable Giving and Philanthropy (United Kingdom) are helpful repositories of information and activities.

Endnotes