

## Americans gave a near-record \$485 billion to charity in 2021, despite surging inflation rates

Anna Pruitt  
Jon Bergdoll

June 21, 2022

Boosted by a strong year for stocks and swift economic growth, U.S. giving in 2021 totaled a near-record US\$485 billion.

Individuals, foundations, estates and corporations gave more to charity in 2021 than before the pandemic, according to the latest annual Giving USA report from the Giving USA Foundation, released in partnership with the Indiana University Lilly Family School of Philanthropy at IUPUI.

Giving was 0.7% below the inflation-adjusted all-time high of \$488 billion in 2020 – when donors responded to the onset of the COVID-19 pandemic, the ensuing recession and an outpouring of concern over racial injustices.

As two of the lead researchers who produced this report, we found that inflation changed how far each charitable dollar went in 2021. We also saw that a significant percentage of giving came from extremely large gifts and that many charities whose 2020 donations declined may have experienced a rebound.

### Did inflation affect giving?

Inflation – the rate at which purchasing power for food, rent and energy costs declines – was higher in 2021 than it has been in recent years.

When inflation heats up, charities need more money to keep up with rising costs. Household budgets can also get strained by rising costs of living. But charitable giving doesn't automatically fall when inflation rates rise. In 1988 and 1989, for example, inflation exceeded 4% annually, but charitable giving grew in both years – even when adjusted for inflation.

However, higher inflation, particularly over time, can influence other economic trends that are more likely to influence how much money is donated. Those changes, in turn, can lead to declines in giving.

With inflation running at a much faster clip in 2022 than 2021, we're keeping an eye on any effects it may have on giving until rates subside.

### Role of megadonors

Individual donors gave \$327 billion in 2021, or two-thirds of all charitable dollars. Ten gifts of \$450 million or more, which totaled \$15 billion, accounted for roughly 5% of all individual giving.

Some of the largest donations made in 2021 went to donor-advised funds, financial accounts known as DAFs.



Two billionaires who took that route were Twitter co-founder and former CEO Jack Dorsey and SpaceX and Tesla CEO Elon Musk.

Donors who transfer money into DAFs get big tax deductions right away but can decide which causes to support later. That's similar to what happens when someone moves wealth into a foundation.

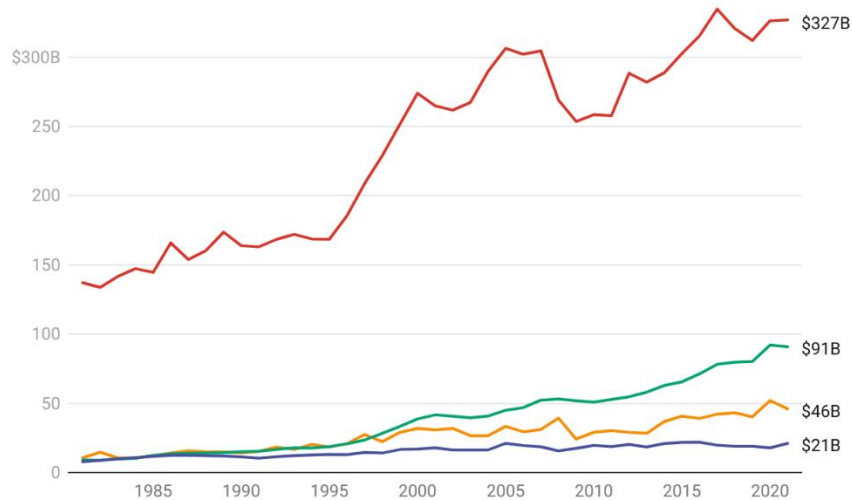
But while foundations are required to report every grant they make, all the money distributed to a particular charity from DAFs that are held at the same DAF-sponsoring organization is lumped together. This makes it impossible to separate out one individual's support for specific causes. As a consequence, some donors may prefer to give through a DAF rather than a foundation for the anonymity.

Mackenzie Scott has given at least \$12 billion to charity since her 2019 divorce from Jeff Bezos without starting a foundation, and instead relies partly on donor-advised funds. In 2021, she continued to quickly channel large sums of money into nonprofits, especially those assisting people of color and underfunded communities.

We expect transparency to be an important issue for our research in the future. As megagifts grow as a share of individual giving, it is important to understand how much megadonors are giving and where the dollars are going.

## US giving by source through 2021

Most of the money Americans give away is from **individuals**. Giving by **foundations** declined slightly in 2021 after sharp gains in 2020. Meanwhile, the total given by **corporations** inched up, and the amount from **bequests** fell.



Amounts expressed in billions of inflation-adjusted 2021 U.S. dollars.

Chart: The Conversation, CC-BY-ND • Source: Giving USA Foundation/IU Lilly Family School of Philanthropy

## A rebound for the arts

Giving to the arts, culture and humanities rose by 22% in 2021 as many museums, theaters, ballet companies and other arts groups resumed in-person events and found ways to continue to make use of hybrid events. That growth, the biggest for any of the nine categories we track, marked a sharp reversal from 2020, when those gifts fell 7%.

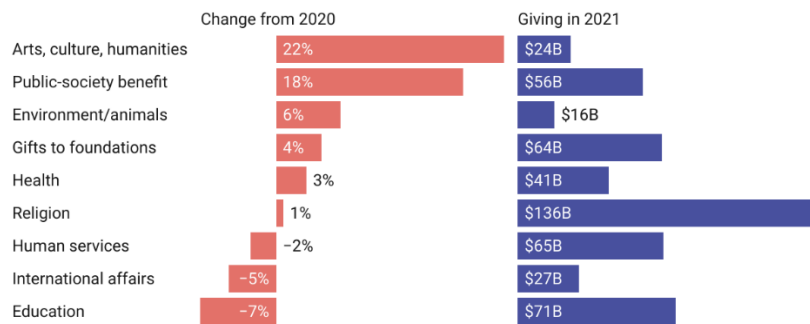
Similarly, gifts related to health, a category that includes donations to hospitals, grew 2.9% in 2021 after a 6.9% decline a year earlier.

Conversely, gifts slated for colleges, universities and other educational causes fell 7.2% in 2021, following a 15% increase in 2020.

Overall, giving in 2021 stayed well above pre-pandemic levels. The total donated was at least 5% higher than in 2019 for seven of the nine categories we track.

### Causes US donors supported in 2021

Giving trends in 2021 were inconsistent. Americans gave 22% more to museums, theaters and other arts, culture and humanities organizations than in 2020, a year when those donations declined. Giving to public-society benefit groups, a broad category encompassing the United Way, the largest donor-advised funds, civil rights groups and voter-registration organizations, remained high at 18%. At the other end of the spectrum, donations to educational causes, including colleges and universities, fell by 7%.



Numbers are in billions of inflation-adjusted 2021 U.S. dollars.

Chart: Giving USA Foundation/Indiana University Lilly Family School of Philanthropy • Source: The Conversation, CC-BY-ND

### **Disclosure Statement**

The authors do not work for, consult, own shares in or receive funding from any company or organization that would benefit from this article, and have disclosed no relevant affiliations beyond their academic appointment.

## References

1. Pruitt, A., & Bergdoll, J. (2021, November 29). *Charitable gifts from donor-advised funds favor education and religion*. The Conversation. <http://theconversation.com/charitable-gifts-from-donor-advised-funds-favor-education-and-religion-171793>
2. *The Philanthropy 50*. (2023, February 14). The Chronicle of Philanthropy. <https://www.philanthropy.com/article/the-philanthropy-50/>
3. Allen, E. J. (2021, December 9). *How Elon Musk saved big on taxes by giving away a ton of his Tesla stock*. The Conversation. <http://theconversation.com/how-elon-musk-saved-big-on-taxes-by-giving-away-a-ton-of-his-tesla-stock-172036>
4. *Candid Learning | Trainings in nonprofit fundraising, proposal writing, grants*. Candid Learning. <https://learning.candid.org/resources/knowledge-base/what-is-a-foundation;>
5. *Private Foundations | Internal Revenue Service*. <https://www.irs.gov/charities-non-profits/charitable-organizations/private-foundations>
6. Kulish, N., & Cramer, M. (2022, March 23). \$12 Billion to 1,257 Groups: MacKenzie Scott's Donations So Far. *The New York Times*. <https://www.nytimes.com/2022/03/23/business/mackenzie-scott-philanthropy.html>
7. Freeman, T. M. (2022, March 28). *How MacKenzie Scott's \$12 billion in gifts to charity reflect an uncommon trust in the groups she supports*. The Conversation. <http://theconversation.com/how-mackenzie-scotts-12-billion-in-gifts-to-charity-reflect-an-uncommon-trust-in-the-groups-she-supports-173496>
8. *This popular—And controversial—Charitable account helped MacKenzie Scott give away \$12 billion in just 2 years*. Fortune. <https://fortune.com/2022/04/06/mackenzie-scott-elon-musk-mark-zuckerberg-charity-donor-advised-funds/>
9. Davidson, P. (n.d.). *Economy grew 5.7% last year, its best showing since 1984, as activity revived amid pandemic*. USA TODAY. <https://www.usatoday.com/story/money/economy/2022/01/27/us-economy-2021-gdp-growth/9236443002/>
10. <https://givingusa.org/>
11. Pruitt, A., & Bergdoll, J. (2021, June 15). *Americans gave a record \$471 billion to charity in 2020, amid concerns about the coronavirus pandemic, job losses and racial justice*. The Conversation. <http://theconversation.com/americans-gave-a-record-471-billion-to-charity-in-2020-amid-concerns-about-the-coronavirus-pandemic-job-losses-and-racial-justice-161489>
12. Cox, J. (2022, June 16). *Everyone knows inflation is on fire. This is what's really fueling it*. CNBC. <https://www.cnbc.com/2022/06/16/everyone-knows-inflation-is-on-fire-heres-whats-really-fueling-it.html>
13. *High Inflation Leaves Food Banks Struggling to Meet Needs*. (2022, May 12). The Chronicle of Philanthropy. <https://www.philanthropy.com/article/high-inflation-leaves-food-banks-struggling-to-meet-needs>
14. *Inflation in the 1980s*. InflationData.Com. <https://inflationdata.com/articles/inflation-cpi-consumer-price-index-1980-1989/>
15. Clotfelter, C. T. (1990). *The Impact of Tax Reform on Charitable Giving: A 1989 Perspective* (SSRN Scholarly Paper 226702). <https://papers.ssrn.com/abstract=226702>

16. *Consumer prices up 8.5 percent for year ended March 2022: The Economics Daily: U.S. Bureau of Labor Statistics.* <https://www.bls.gov/opub/ted/2022/consumer-prices-up-8-5-percent-for-year-ended-march-2022.htm>