The New Landscape for Charitable Giving Incentives
2026 National Conference

HEATHER NOONAN: Good morning, everyone. Thanks so much for being here. You made an effort to be here at 8:30 in the morning, after what I hope was a really fun night last night, and we know that what you're going to learn here is going to be really helpful to the work you're doing back home, so we're going to aim to get started right away.

I'm Heather Noonan. I'm the Vice President for Advocacy for the League of American Orchestras, and I'm just really grateful that we have this incredible panel with us here today. They're going to introduce themselves, but I wanted to start by introducing our leader and moderator for this session, Sally Schaeffer, from Uncorked Advocates.

Najean Lee and I partner with the wider nonprofit sector on tax policy and charitable giving issues in Washington, D.C., where Sally is actually a leader across the entire field of nonprofit and philanthropic organizations. She has also advised the League on our advocacy resources including, "Playing Your Part, a Guide to Orchestra Advocacy." So not only does she have great expertise around the particular issues we're talking about here today, but she's also an expert in how people can mobilize to influence the policy that impacts their daily work. So I know you'll get a lot about charitable giving trends, but you'll also hear today a bit about how you can be a part of influencing how these policies actually show up in your organization. So with that, I will hand it over to Sally to start.

[APPLAUSE]

SALLY SCHAEFFER: Thank you, Heather. I always joke that I pay her tips for all the nice things she says, but right back at her. So we're going to talk today, bright and early—thanks for everyone coming—to connect what happened in D.C. last summer with HR1, the One Big Beautiful Bill, and translate that for the fundraising. My colleagues Kathleen and Karen, you're going to hear from them in the second section about how to translate this into donor conversations and real life strategies.

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I'm going to start the first section with a kind of overview. And so if you'll indulge me here, I used to do this. Last year I did like 20 minutes on all the changes. And then I just presented at AFP's conference in San Diego, and I kept it brief. I figured everyone knows all the changes. And I heard back from folks, "No, no, I wanted a little bit more detail." So you're going to get the 20-minute version today. Sorry. Sit back. Hope you have your coffee. I apologize if this is all a repeat of everything you know, because my colleagues will make this worth your time when they talk about strategy.

So one of the things that I always say when I'm on the Hill here is that people give because they want to give. But what we know is tax policy impacts the timing and amount of their gift, right? So I would argue that we're entering a moment where, at least since the 2017 Tax Cuts and Jobs Act, we've seen the biggest change in charitable giving tax policy, probably the most in decades. And so we're seeing these two trends, where Congress was changing the tax incentives around giving, and at the same time, many organizations were seeing a drop in retention of donors, giving from small donors. And so instead of just being tax policy, we're going to put it in the context of behavioral policy. We understand the decisions that Congress is making is influencing who gives, how they give, and the conversations you want to have with your donors.

So this is going to be one of two cheat sheets. I know you guys will have the slides to take with you afterwards in the recording. But just the three big changes to start us off here from last year's law. First, expands the base of who has a tax incentive to give. So this is, by far, what I'm the most proud of. We worked on this for several years. You're going to hear me say this several times throughout the conversation.

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The leadership from the League, from Heather, from Najean, was so critical the last few years, as we made the case for the Universal Charitable Deduction or the above-the-line deduction for non-itemizers. And what we know is after the 2017 Tax Cuts and Jobs Act, with the doubling of the standard deduction, more than 90% of Americans are no longer itemizing, and therefore they didn't have a tax incentive to give. So starting this year, we have the $1,000 for single filer, $2,000 for joint filer. And I hope this is a really big deal to really re-engage middle-income Americans in giving back. Secondly, it introduces the new limits on major giving. So we have now a 0.5% floor and a 35% cap on itemized deductions. So we're going to see, hopefully, the large gifts still happening, but the math and timing behind them may change. And third, it resets corporate giving. It sets this 1% floor for companies that have to give above that threshold to receive the deduction, which might change how gifts are structured and, again, with the timing.

So taken together really briefly here, and we're going to go into this a little bit in each of these changes, we have, hopefully, more opportunity at the bottom of the donor pyramid. You're going to hear me say this another time, but we hope and expect from the Lilly School of Philanthropy a new report that more than 8 million Americans will now give to charity because of this above-the-line deduction. So small donor active opportunity, the more planning with major donors, and the more intentional conversations with sponsors. I think one of the things to communicate to donors and the community is not just what changed, but what didn't change. So, yes, there are new rules, but Congress did not walk away from charitable giving, and in fact, they expanded it in some ways. So the deduction is still here, and it now reaches more people than ever.

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We have the 60% AGI for cash gifts that was made permanent, and the estate and planning giving is also made permanent. Those incentives remain intact. And something, again, that Heather and Najean and I have worked on for many years, the QCDs, IRA charitable rollovers, I would argue are even more attractive now as a giving opportunity under these new rules. So, again, the right framing might not be that giving got harder. It got more strategic. And I think as we talk about donor confidence, that's an important point.

I'll really quickly share here—so some of the data we were taking to the Hill to argue for the universal charitable deduction. First of all, level set. As many of you know, I think it's the 2024 data from Giving USA. Charitable giving is about $600 billion right now. Two-thirds of that is for individuals. So those changes on the individual households that we're talking about, I know are very important and matter a lot. But the other trends that we're seeing are from my client, Association of Fundraising Professionals, which has The Fundraising Effectiveness Project data that comes out every quarter. What we know is what you know if you're a fundraiser, is dollars up, donors down. So we kept sharing this data with the Hill, saying this sector is relying more and more on major and mega donors, and we're seeing a huge decline in giving for micro donors. And that's a trend that we just don't think is good for the country, to be quite frank. We would take this to the Hill and make that argument and say, "Look, we're also seeing volunteerism numbers decline. If folks aren't volunteering, they're not starting to give. If they're not starting to give, they're not volunteering. And having a strong civic society, this is really important.

And I would also say, like, we also were making the case, obviously, on your behalf, the donor pipeline, right? So if most younger Americans in their working life, since the 2017 Tax Cuts and Jobs Act, didn't have a tax incentive to give, that wasn't part of the pattern and the habit, right?

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And then they weren't going to be a major donor. They weren't going to be your legacy donor. So recreating that pipeline is why we think the Universal Charitable Deduction is really important. I'll just, again, these are pretty straightforward changes here, but beginning this year, $1,000 individual, $2,000 for joint filer. And again, that's about 90% of taxpayers' spend. I think for orchestras, obviously, this creates a tremendous opportunity with your ticket buyers, first-time donors, lapsed donors, annual fund supporters, and monthly giving programs. And I recognize it's probably not going to lead to a flood of six-figure gifts, but anything that we can do to rebuild participation in donor habits I'm excited about. I mentioned that this was an advocacy success story here. And because of the leadership of the League, we made this happen. We had data that we had done by economists that said this change could lead to about $19 billion more per year in giving to this sector. Lilly School of Philanthropy came out with a report that's more conservative, but they still think it's going to lead to more than $4 billion in giving each year. And again, 8 million more households giving. So take this as the advocacy win on your behalf, and I hope that you guys are as excited as I am about it.

Now let's talk challenges. So the new limits on major giving. There are the two new limitations that affect some itemizers, right? The first is the 0.5% AGI floor. Let me also state that the original offer from the Hill was 2%. This 0.5% floor is the pay-for to get the Universal Charitable Deduction on the books, right? So this is what we had to swallow. Again, the original offer was 2%. We got it down to 0.5%. Not ideal, but we thought it was important to change again, as I was mentioning this trend on the reliance on mega donors. And then we have the new 35% cap that will affect the highest percentile.

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And so I think for most donors in your database, you're going to hear from the experts here after me, but maybe it won't change behavior, but for your major transformational donors, it might influence the timing structure and planning. So having those conversations, and that's why I'm super glad to have them here to talk about how to translate this in the next section.

On the corporate giving, I will just say that the new piece is the 1% floor. The 10% cap and the 5-year carryover are already on the books. So I'm really interested to hear from you guys if you're starting to already, as you're talking to your sponsors, are you getting different questions about timing and structure and how that's working? I'm also a visual learner, so really quickly here. So we have the $100 taxable income from a company, and they want to give $11. So before the tax change, as you can see, all 10 would have been deductible and $1 carryover. Now with the new changes, the first dollar is not deductible.

The estate and gift tax, as I mentioned, remains historically high and was permanently extended, so that provides that certainty for donors engaged in estate planning. And then you can tell I'm so excited. I go from the estate plan with two bullets to the QCDs and giving from seniors. This is something I spent a lot of time in my career on, and I really encourage orchestras to pay attention to this giving opportunity. This is for the donor 70-and-a-half or older. The QCDs, Qualified Charitable Distributions, IRA, charitable rollover, or whatever you want to call it. It avoids the new floors and the new deduction limits. It satisfies the required minimum distribution and lowers taxable income.

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So again, if you have potential donors in that age bracket, I think this is an area where donor education can make a big difference. Just to say again, this is your second cheat sheet here. I had the one at the top, but here are the three big changes, and here's your cheat sheet. Just to go through again, there are the three positive changes that I've mentioned earlier, and the three challenges here. But I also think it's important to take a moment and pause and say there were things that were being proposed that didn't happen because of the advocacy of the League and others here. And I've mentioned these because they could come back, because they were ideas on the table last summer. So for example, I think it would have been harmful to the sector that we got taken out. There was a proposed new tax on the combined federal campaign. It's the largest workplace giving campaign. As folks know, federal employees were fighting right now, day in and day out to try to keep it alive. The administration is trying to quietly kill it, but there was going to be a new tax proposed. We got that taken out.

There was a proposal to increase the foundation tax, excise tax. That would have been particularly harmful for larger foundations. Got that taken out. There was a proposal to expand UBIT to more nonprofit activities. Got that taken out. And then finally, there was a proposal to give Treasury more authority to take away the tax exempt status for organizations not in alignment with the administration, and got that taken out. And that really happened because organizations like the League were engaged in policy action. And so I just level set, as we talk tax changes here. Understand that policy outcomes aren't inevitable, and the sector helps shape those policy conversations. So if you take anything else, I'm not going to be your tax attorney. I'm just to say policy outcomes are not inevitable, and really, leaning into advocacy at any point really helps create an environment, a holistic environment, supportive of you and your donors.

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And really quickly here, I'll tell a quick story from the 2017 Tax Cuts and Jobs Act, because we have some challenges in this new law, and I'm not immune to that. But it doesn't need to stay like that. So in the 2017 Tax Cuts and Jobs Act, there was the new tax that would have been on nonprofits, as employers who provided fringe benefits to the employees—parking, gym membership. We got it labeled as "church parking tax," and such a politically unpopular provision that they had to retroactively repeal it two years later. So that's a long way for me to say if you start to hear from your donors the challenges with these new floors and caps, those are the stories to share with Heather and Najean, so that we can be your advocates on the Hill to get things changed.

So right now, these are the changes in the tax code, but they don't always need to be like that if we start to see giving negatively impacted by these changes. And then in terms of signals here, it's interesting. I would just say that Congress sent mixed signals. So on the one hand, they expanded the charitable giving incentives and reaffirmed the charitable giving as a public good. On the other hand, we have now these new floors and limits. And I'm not going to spend more time reading these numbers, but just the bottom line here is the Lilly School of Philanthropy's new report. "We hopefully will see more donors participating but could potentially see slightly less giving overall." And whether that remains true is up to everyone here in the room, right? The lesson for fundraisers is clear. Success will depend less on waiting to see what happens and more on helping donors navigate this new environment.

So I'll stop here after a minute, just to say, "What does all this mean in practice?" Well, I'm so glad to have Kathleen and Karen join me today. So we have this moment of tension in the system where we're going to likely see more donors coming in at the base because of the new deduction, and at the same time, more pressure on major gifts and corporate giving because of the new limits.

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And so, again, success doesn't mean waiting to see what happens. It's how you guys are intentional with structuring the gifts, starting a conversation early, and guiding donors, and so strategy matters more than ever before. And I'm really excited again. I'm going to hand the mic here and stop talking. Thanks for listening this early in the morning. But how did the policy changes translate into actual donor conversations? And you get the mic.

KAREN ISBEL: There are seats down here if anyone wants to come in, if you're standing at the door, there are seats down front. We don't bite—well.

KATHLEEN GREGORY: Good morning, everyone. I'm Kathleen Gregory. I'm the Director of Development at the Public Justice Center, which is a civil rights law firm based here in Baltimore. We advocate for changes to laws that create racial and economic inequities and try to expand access to justice here in the state of Maryland and around the country. I was involved with Sally and advocating for the Universal Charitable Deduction in my role with the Association of Fundraising Professionals. There was a lobby day where a number of board members from the Association of Professional Fundraisers and Political Action Committee members met with legislatures in D.C. and talked about the impact of the 2017 tax law and the two years where we had the $300, $600 deduction available. And I want to share a few examples that I shared that day as part of the lead into why this matters for donors.

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And at the time, my organization didn't do a lot to promote those tax deductions for donors. It was unclear at the time whether they would be permanent. We were doing a lot to get donors to make donations, but we weren't specifically telling them you can deduct $300 or $600 for a couple. But what we saw is that after the Tax Cuts and Job Act in 2017 went into effect, we had a 10% drop in the number of donors. And then the year that we had the incentive for giving, we had a 33% increase in the number of donors. Most of them were donors who had never given before. And then the year after those went away, we had a 36% drop in donors.

We don't typically get donations of $300 or $600, but we saw three times more gifts of exactly those amounts during the years that those tax provisions were in effect. And so that's just kind of a little bit to get us going, and I'm going to hand it over to Karen to introduce herself before we start talking about the implications of this law.

KAREN ISBLE: Absolutely, and then we're going to tag team a little bit. So I'm Karen Isbel. I, in my day job, serve as the Vice President for College Advancement at Kalamazoo College in Southwest Michigan. Hey, Garrett. Sorry, I just saw somebody I knew. And I also serve as the Board Chair for the Kalamazoo Symphony Orchestra. I've been on that board for almost six years, starting during COVID, so it was a very special time to be walking into any nonprofit situation or leadership situation. But before I worked in higher ed, I actually started my career in fundraising at the Chicago Symphony Orchestra and the Chamber Music Society of Detroit. So those work experiences are a little distant for me, but they have helped me continually, as I do work for the board of the KSO.

So I'm happy to be here this morning. Thank you all for letting me bomb your session. All right, we're going to get into the details of this. So as Sally mentioned, we expect to see results or an impact on giving for donors at all levels, and the slide that we're looking at is showing that we're seeing changes from the small-dollar donor level all the way up to major donors and donors who are thinking about giving in ways other than cash. And so what my organization is looking at, we typically have mostly small-dollar donors. We don't have a strong major gifts program at this point. We're seeing mixed results since the beginning of the calendar year. And we've started to put some strategies in place for our fiscal year '27, which starts on July 1st and will address some of those things. So from the start of the fiscal year, the number of individual donors is down 17% from last year. The total number of dollars given is down 5%, which is better than what you'd expect for the number of donors. However, when we sent a lapsed donor mailing this spring, which we do every spring, we saw seven times more donors respond to that. We're not talking huge numbers, like we didn't go from 100 to 700. But still, it's showing that people are starting to realize there's a tax reason for giving again, even when we're not being explicit about it in those messages.

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We're also starting to see IRA rollover contributions earlier in the year than we ever have. We typically don't receive any in the spring. Most people make them in the last three months of the year, which is when we get most of our donations anyway. But this year, we've already received three of them. And all three of those donors increased their gift over last year, including one who doubled his gift. So there's definitely a lot of opportunity within the new tax law for making some changes that will help bring in new small-dollar donors, encourage monthly giving, really reactivate some of the donors who maybe gave when there was a charitable giving incentive and haven't given in a while, and have conversations with major donors earlier in the year or people who might be considering gifts that are larger or in ways that are different than they typically do. And as a fundraiser, it's important for you to understand what the impact of the tax laws are, so that you can be talking to donors about what the impact will be on them and whether there's different planning that they need to do as part of the process for making a gift.

So this is an example of one of the ways that we're starting to educate our donors. We have, in all of our e-newsletters, we include a section on giving, where we've been promoting monthly giving on a regular basis. We periodically include a call for donors to give through their donor-advised funds or to join our Champion's Circle, which is recognition at $1,000 and above. And we've started putting information in about the tax law change, so that throughout the year, as donors are receiving our communications, they're seeing that message.

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They may not be choosing to make a gift right now, but the repetitiveness of it, hopefully by the time they are starting to think about their giving for the year, they'll remember, "Oh, yeah, I can get a tax deduction for this year. This will help me when it comes time to doing my taxes next year." So in addition to educating donors about the tax law change, other shifts that we're looking at doing are expanding a focus on bringing in new donors. We've been having conversations with our board of directors about setting a board get-goal, which would be new for us. All of our board members give, and we ask them to give generously and that we're one of their top three organizations when they join our board. And we've been involving them in building relationships with existing donors, but we're really beginning more conversation with them about how they can bring people who are new to the organization in, and what resources they need and training they need in order to feel comfortable asking people to make a gift to the organization for the first time.

We're also participating in a local giving day called Collective Give that is for Black-led organizations, and there's a lot of publicity around that. It's an opportunity for us to be in front of people who may not know about our organization. And we're planning to test advertising on social media to try to bring in people during the times of year that they're thinking about giving, with messages that are appealing, related to social justice, knowing how important that is now.

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We're also really promoting monthly giving, making that the first ask and talking about that in combination with the tax incentives. And we've begun really promoting our Champions of Justice, which is the $1,000 recognition level to all of our donors, instead of just the group that we think might be ready to increase their gifts to that level. And then we've started having conversations internally about how we also shift how we're doing individual giving to focus more on relationship-building and trust-building with donors so that we can have those conversations with them. We're in the process of doing a strategic plan and having conversations about what that will mean for the vision of the organization and how that can be transformed into conversations with donors about the impact that they can have on our mission and our communities.

And so we're putting in place a number of strategies related to creating portfolios for staff to really increase the amount of conversation that we're having with donors, in an effort to establish better relationships with them, so that when they do think about making a gift, we can have the conversations about their wealth and who needs to be involved in the conversation differently than we can if we're asking them using a letter or an email or some less personal way. And then we've also really been leaning into sharing information about QCDs. As Sally mentioned, this is a huge opportunity for older donors to give, and it's on our website as an opportunity to give. We're working on identifying who some of those donors are that might fall into that age group, so that we can talk to them specifically about it and promote that as an opportunity. The example that's on the screen is the copy that will be in our next e-newsletter in the Giving section.

And then all of these statements are always paired with, "You should talk to your tax professional about the implications because we are not tax professionals. We can tell you how they generally work, but we are not giving you tax advice."

ISBEL: So, you know, all of the things, both in higher ed and what I'm seeing across the arts industry and fundraising, all of these things apply. It's the same story. regardless of what type of nonprofit you're dealing with, all of these tax implications are true and the strategies for how we share them with our donors are also true. Certainly as I think about the work that our Giving team is doing at the college, and I think about some of the strategies we are employing at the symphony, all of the things that Kathleen has talked about, in terms of communicating with donors early and often about the impacts of these tax changes. At the college, we just sent out our quarterly giving newsletter, and literally every bullet on Sally's—I was like, "Yep, we just told them about that. We told them about that." So that donor education is so critical, but it's also important to understand and Sally has alluded to this, that the donor behaviors of our small and mid-level donors to our organizations is very, very different from the mindset and the behaviors of major donors, and it impacts how we have conversations with them.

Major donors, by and large, give from their assets, rather than their income. And that makes a really big difference in the way they think about the timing, the manner of, and the vehicles that they use to make their gifts to our organizations.

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When the economy is down, our small and mid-level donors' activity tends to contract because they're giving from their income. And it's the same pot of money that they're using to pay their mortgage or their rent, their food, gas, et cetera, et cetera. For our major donors who are working with assets that they are donating—stocks, things like that, or other types of assets—they can weather some of that economic turbulence a little bit better. And so, usually during challenging times, their giving tends to remain pretty steady. It's at that small and mid-level donor level that we see great fluctuations, depending on what's happening in the national economy. Certainly as our major gift officers are having conversations with donors, it is often about the impact that you want to make. And every giving conversation, regardless of the level of the donor, really needs to be focusing on the impact. Why should you make this gift?

The how to make the gift should be the second part of the conversation. It should never be the thing that we'd lead with. And yes, we know that these tax incentives or detriments tend to impact on donor giving and how they give. But if they really want to give, and I think that was maybe the first thing you said, Sally, if they really want to support your organization, they're going to find a way to do it. And it's our job as fundraisers to help them figure out the best ways to do that. So as we are having some of those conversations with folks, we are certainly talking about timing. I was just talking to a donor recently at the college the other day who was very specific. "I want to do this thing, and I need to do it by November of this year."

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So, it's very clearly on his mind of how that needs to happen. He has already been working out what asset he has that he is ready to donate and making sure that we're ready to keep up with him, so that we can make that happen in the way he needs it to happen. Certainly, as we are talking about bundling, as we think we've already started conversations about the impact of this ceiling that they have put on that was going to impact major donors in terms of those folks who are itemizing and what they can deduct at any given time. And so, we're already starting to hear from donors who might start doing every-other-year giving, where they're bundling it. So, we need to be prepared to weather that, especially if we were hoping for those dollars in any particular year or for it to be level year over year. How do we manage that as an organization if they're going to give every other year? They're going to give double, so they're going to give two years' worth of giving in one year. How are we going to make sure that our organizations are prepared to manage that change in cycle, and what does that feel like for us because this is all new?

Certainly, all the conversations about the QCDs or the IRA charitable deductions. I still remember ten years ago when it was an every year thing. Some of you may remember it was like, Oh, we're going to put this in place this year. We don't know if it's going to be renewed next year." And so we'd wait with bated breath in December to see if they are going to do it, and then we'd scramble to get messaging out in the last few weeks of each calendar year, to make sure that donors knew that this was available.

So, the fact that they have made this permanent, and it's been permanent for a couple of years now, is fantastic. We are also seeing some donors who were giving through their IRAs all year. It used to be a December thing. They're doing it throughout the calendar year because they're just being much more planful. So those are some of the conversations that we're having. And of course, I put this caveat on this slide too.

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Yes, we are not tax advisors. Please talk to your financial advisor. We can make some suggestions, let you know what's out there, and then that's up to you and your advisor to figure out.

SCHAEFFER: Just a quick question for you guys as we think about kind of delving a little deeper here because when you were talking about the bundling from your major donors, I feel like after the last—the sophisticated, higher-middle income, were starting to go into DAFs a little bit more. We've seen DAF giving go up, obviously. And I'm curious from your perspective, are you planning or assuming that some of your major donors, as they bundle, might go into DAFs? So how are you responding or thinking about that sort of giving pattern?

ISBEL: No, that's a great question because yes, they may bundle, but they may not bundle to us. They may bundle to their Donor-Advised Fund. I have a love-hate relationship with Donor-Advised Funds. They are certainly wonderful, wonderful ways for our donors to be able to think about their charitable giving without having to start a family foundation. So Donor-Advised Funds were, of course, the answer to having to set up a family foundation. The challenge I have with them—well, there are several. It really depends on where your Donor-advised Fund is sitting. Is it sitting in a community foundation? Is it sitting at Fidelity or one of the other big ones like Morgan Stanley? Where is your fund sitting and what are their policies? Most donor giving through Donor-Advised Funds works just as the donors expect, just as we expect, until you read the story about the Donor-Advised Fund that would not take the donor's advice when they were ready to make that gift. And, of course, we've seen—and this continues to be an issue. It will be interesting to see, as our advocacy groups continue to have conversations about Donor-Advised Funds in Washington is the fact that these Donor-Advised Funds do not have the same kinds of giving requirements annually that a family foundation or any other kind of foundation does. That means there is the opportunity for them to essentially be hoarding those dollars over time.

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Because they don't have those restrictions, those dollars can sit there. And sometimes they're sitting there. A donor will leave their money in a Donor-Advised Fund for a good reason, because they want to accumulate it over time, because they're planning to make some big gift. But a lot of times they sit there for a lot longer than they would have, had there been a requirement that those Donor-Advised Funds make minimum distributions each year. So it will be interesting to see.

GREGORY: And another important piece about donor advice funds, if you do events where part of the ticket price is tax deductible and part is not, or if you have memberships where people get benefits—those are not things that a Donor-Advised Fund can support, because the gift has to be 100% tax deductible, since the donor gets the tax deduction when they make the gift to the community foundation or the commercial Donor-Advised Funds. And so that's a conversation you need to be prepared to have with your donors because they don't always understand that when they put their money into the fund, and then they get frustrated when they can't use it for the kinds of things that they want to. And so you will likely see more donors putting money into Donor-Advised Funds. I have one, and I love it. And so despite all the challenges with it, I'm an advocate for them. A lot of our donors use them, whether they're wealthy or not, because it simplifies a lot of things about giving.

The other thing to note is that a lot of times a donor will share their information, or intend to share their information, but between the time the grant recommendation is made and it arrives in the development team's office, that information is separated from the gift, or the donor didn't check the right box.

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And so part of educating donors about Donor-Advised Funds is kind of like when you're talking to them about giving stock or another asset. Let us know when you're making that gift so we can properly thank you and acknowledge that gift. Even though you won't get a tax receipt for it from us, we still want to show our gratitude, and we don't always find out that information from the Donor-Advised Fund holder.

ISBEL: Yes, we have several group emails at the college so that daily there's something that comes through. "Does anybody know who might have made this particular gift?" [LAUGHTER] And then we are trying to scramble to, "I think maybe Donor X said they were sending something in. Let me check with them to see if that was theirs." It's a little bit of a nightmare. So we've talked about most of these options that we talk about regularly with our donors. It'll be interesting. One of the things that we did with the symphony just this past year that we'll start to implement is we did an assessment of the symphony's fundraising program with RSC, Robert Swaney Consulting. Fun fact: I worked with Bob Swaney when he was the Foundation Relations Officer at the Chicago Symphony like 30 years ago, and so it's fun to come full-circle and have the KSO working with the consulting firm that he founded.

So we have looked at, and we're reviewing that assessment which was about 40 pages of recommendations of things that they think will help us with our contributed revenue over time. And a lot of it is around making sure, again, that we are educating our donors at every level of all of these opportunities, as we're building out our annual strategies. But certainly we've talked about multi-year gift acceleration and what that might look like for our donors and for our organizations.

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We've talked about Donor-Advised Fund bundling, again, talking about making sure that if we know that we need to work with a donor and their advisor, that we're getting that advisor involved in the conversation early, and really then understanding that those shifts of donor behavior that, yes, still probably 90% of our donors give in the months of November and December, as they're thinking about that year end. But I have a lot of donors, at the college in particular, who do all their giving in January. So they've kind of flipped it on end. They start their year thinking about all their charitable giving, and then they're all locked and loaded by the time the end of the year comes. So we may see more donors making those kinds of shifts as well.

GREGORY: So the other piece that's changed is related to corporate giving. And as you heard Sally mention, there's now a floor above which the gift has to exceed before it can become tax deductible. And that's likely going to change the way that companies give and probably will reduce corporate giving. A lot of small and mid-sized companies may not be able to meet the threshold as easily, and larger companies may be looking at some strategies that are similar to what we talked about, related to major giving. They may start thinking about bundling their gifts. They may be looking at making multi-year commitments and asking for flexibility in how they pay that over the course of the commitment, depending on how much they're trying to get to with their charitable giving in a given year. They may be looking to give through corporate Donor-Advised Funds, or if they already have a corporate foundation through that, or maybe even setting up a corporate foundation.

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And so those are changes that we can expect from companies. And just like with individuals, focusing on the impact of the giving is going to be really important, building that relationship with the decision-makers at the company, engaging employees so that you have advocates within the company when it comes time. So the company-making decisions are all going to be really important in building those relationships.

ISBEL: We've certainly seen a little bit of corporate donor behavior starting to change in that sponsorship space where we perhaps haven't thought about multi-year corporate sponsorships or having agreements. Some of them are deciding now that they want to bundle. They're starting this bundling activity as well and signing multi-year sponsorship agreements. We're seeing some of that at the college, particularly for some of our college athletics sponsorships, which are very minimal at a D3 school, let me tell you. So as we've been doing that, and we're seeing some effectiveness with some of our, our partners this year at the college, it's one of the strategies that I'm hoping that the KSO will be able to pick up—because we rely much more than the college does on some of those corporate sponsors. We want to help them think about how they can have a multi-year impact that will benefit their corporate bottom line as well.

SCHAEFFER: The one strategy was going—if a company has a foundation—are you finding that effective? Have you started to lean in on that idea? Or is it not as, with your corporate sponsors, not as applicable?

ISBEL: I would say only a handful of the major corporate donors in our area in Kalamazoo have foundations. And so it is less impactful. Interestingly, the one big company in the area that has a corporate foundation, they have a completely different set of priorities than those sponsorship dollars that are coming to the KSO, say out of the marketing arm.

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So it's not even applicable.

SCHAFFER: I was just going to ask if you're thinking maybe it'll move to more of the marketing budget to—versus the—

ISBEL: I think that's been the case, certainly in the arts area for a very long time. Most of those sponsorships are coming out of marketing budgets.

SCHAFFER: You can't just raise more corporate dollars, like you used to?

ISBEL: Our musicians certainly think we should. [LAUGHTER] We've been told as a board many times, "Y'all just need to go back and get those big corporate sponsorships like we had in the '90s and in the early 2000s. When I tell them those dollars are gone for good, I still don't think they believe me.

SCHAEFFER: Okay, so we're going to close out here and just to say, kind of shifting a little bit. We talked about the tax changes. I wanted to close with a pitch and frame about a new potential opportunity that's being considered by policy-makers that could help you raise more money. But again, everything we talked about this morning in a positive way, in the changes, the Universal Charitable Deduction, etc. Some of the negative stuff that we got taken out happened because of advocacy, because people showed up and cared. And so I just wanted to start there by saying obviously I believe advocacy matters and particularly matters more now than ever before. And really quickly here, so Karen, you had the great example from Michigan that's not around tax changes per se, but a pretty current example, where Michigan's now facing a proposal that would eliminate state arts funding entirely, right? So that's not a federal policy, but it's a state issue. And I would say that the lesson that I would take from being a registered federal lobbyist—I think advocacy matters—is arts funding, charitable incentives, and nonprofit policy can never be taken for granted.

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And so when policymakers are just looking at the numbers, it's easy to forget that and not hear from the folks who are going to have the most impact, the orchestra patrons, volunteers, musicians, educators, community leaders, that's when they see the impact, and that's why advocacy works. I don't know, Karen, if there's anything more from what you're experiencing. Are you engaging your board members? Are there any lessons as you're kind of living this example here in Michigan?

ISBEL: So we've been on this roller coaster with our state legislature for the last couple of years around arts funding that was threatened to be taken away or cut. This year we've got some friends in the state Senate who are very supportive of arts across the state. It's an economic driver, all the things, all the reasons we know why this is important. And it's such a relatively small number, but some folks in our state House have deemed that funding the arts is wasteful and all the things that you could say that would be negative about why it shouldn't happen. And so this particular advocacy group has been sending out newsletters periodically. I just got another one today. How do we support our governor and our senators in the state to make sure? So periodically we've pushed some of this content out to our board of directors and asked them to mobilize for their areas. It's not something that we've done with our broader patron base, but if we really are finding ourselves at a position where this budget proposal could go through. To the note that you made earlier, it could go away for next year. But things can come back. So advocacy can help undo wrongs that are done. And so that would be a point, or this could be a point, an inflection point, where we reach out to our subscriber base, where we reach out to the families who participate in our 12 education programs and the 35,000 students that we see each year as part of those programs.

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And so being able to mobilize them with some language around, "Please reach out to your representatives." I think this could be really important, because it impacts them. If we lose that state funding, that means we're just going to be asking for more gifts.

SCHAEFFER: I would just say I was speaking, I mentioned, to the Association of Fundraising Professionals conference a few weeks ago. And what's interesting to me—I'll say advocacy and fundraising can go hand in hand. So this fundraiser was telling me the story that he had a mid-level donor, and he had him as part of a meeting with a policy-maker. And there was such energy, and the donor felt so included and felt like he was making a positive impact around the mission he supported that he then made a six-figure gift. So the giving increase, because you included the donor in these policy conversations and these threats and challenges that we're all facing.

So just as a quick story about that, I would say that advocacy protects the charitable deduction, protects nonprofit independence, and creates a more stable fundraising environment. And as I just mentioned, I think donors hopefully expect organizations they care about to be engaged when the policies are going to affect their mission. And that could be your board member, or again, figuring out which of your donors may be the right advocates to bring to the table.

Okay, this is my potential opportunity to think about. This is maybe one of the first times you're going to hear about this, but I'm sure the League will talk to you more over the next few months about this. So I, like I said, I've been working on the IRA charitable rollover, which got passed 20 years ago, so not that long have I been working on it. But in the last 10 years, we were able to make it permanent, back in 2015. As you were hearing, the QCDs, IRA charitable rollover used to expire and have to get retroactively put back on the books.

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It was known as a tax extender. And then we were able to expand it in 2022 as part of SECURE 2.0, the last big retirement package. I think there's a real great opportunity here with the Charity Parity Act. It's a bipartisan bill that's just been introduced in Congress. Democrat, Republican, House, Senate. The League has endorsed the bill. And this is a proposal that would expand the IRA charitable rollover, not just from IRA accounts but to other workplace retirement accounts, 401(k)s, 403(b)s. Now you guys are all smart fundraisers, so you know a senior could already do this. They could already roll it over from a 401(k) into an IRA, and then give to you. Anything we think can reduce friction in giving for seniors is a good thing, right? And particularly if you're trying to talk to them at the end of a calendar year, maybe it takes a few weeks for that mechanism to happen, or it takes a little money on the administrative fee to make that happen.

So I know this may not change the world, but I think with 10,000 Americans turning 65 every day for the next 10 years, anything that increases giving—particularly from seniors—is exciting. And I say this because I do think—I've been working in these spaces, and we get things passed. This is a provision that could pass. Depending on the midterms, there would be another retirement package, known as SECURE 3.0., that they're already talking about putting together. So this would be teed up for that. So, more to come on that, but that's why I'm really excited about that bill that's just been introduced, that the League, again, has endorsed.

And so, we'll just close out to say a final message. Obviously, policy shapes generosity, and the fundraisers—you guys are translating this policy into impact and protecting the environment that makes generosity possible. So, hopefully you don't feel like you need to be a lobbyist here. I will say that there are a couple of things you can do, but the League has great resources for you here.

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So you don't need to recreate the wheel here. Invite folks to performances, thinking about other ways to engage them in this work, share the story, share your local impact. And again, that's why we can make policy change that supports a more favorable giving environment. And I would really just love to say thank you so much to these wonderful ladies next to me.

[APPLAUSE]

And two minutes early, guys. Come on.

ISBEL: Thanks to everybody. Thanks for your conversations and the idea sharing.

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