

Study: L.A.'s Wealthy Give \$1 Billion Less a Year to Charity Post-Recession



10:00 AM PDT 8/18/2016 by Rebecca Sun

Illustration by: Lars Leetaru

New data shows Hollywood's big-ticket contributions have decreased in the years following the 2008 market crash as entertainment figures opt for new forms of philanthropy in a recovering economy.

For nearly 90 years, the YWCA Santa Monica/Westside was a quiet community mainstay, providing everything from transitional housing for emancipated foster girls to fitness programs for families who couldn't exactly afford Equinox. It routinely was called "one of Santa Monica's best-kept secrets" but was forced to shut its doors June 30 after years of financial hemorrhaging. Like many nonprofits, the YWCA lost most of its invested reserve funds in the 2008 market

crash, followed by a drop in foundation grants and individual gifts. But as the economy has recovered, donations in Los Angeles County haven't, according to *The Generosity Gap*, a UCLA and California Community Foundation study released this summer. Big-ticket donations sprouting from Hollywood have dried up as well.

L.A. residents gave \$1.2 billion less in 2013 than they did in 2006, the year before the financial crisis began showing signs. (Data for 2014 is not yet available.) Although IRS statistics revealed donors in the highest income bracket give the most in terms of gross dollars and as a proportion of income, "everybody's giving at a lower rate than they used to," says study co-author Shawn Landres, a civil society fellow at the UCLA Luskin School of Public Affairs. What's more, "mega-gifts" — donations of \$1 million or more, the type favored by showbiz benefactors — have dropped precipitously. As a result, median revenue to the county's nonprofits has declined, the biggest being a 60 percent drop for local health organizations since 2000. (What's not to blame: political contributions. A March report by Blackbaud, a software developer that focuses on nonprofits, revealed political campaign donors in 2012 increased their charitable giving by nearly 1 percent compared with the previous year.)

Sarah Adolphson, co-founder of Hollywood philanthropic advisory firm The Artemis Agency, theorizes the drop might owe to donors becoming more strategic and thoughtful with their gifts. "Philanthropists are more interested now in becoming more intimately involved with their impact," she says. "They want to make sure their donations are sustainable."

To that end, experts urge Hollywood's charitably inclined to favor existing organizations over setting up their own nonprofits and adding to the 35,000-plus registered 501(c)(3) charity organizations in L.A. County as of January, up 12 percent from a decade ago. The proliferation has created duplication of services and spread meager resources even thinner.

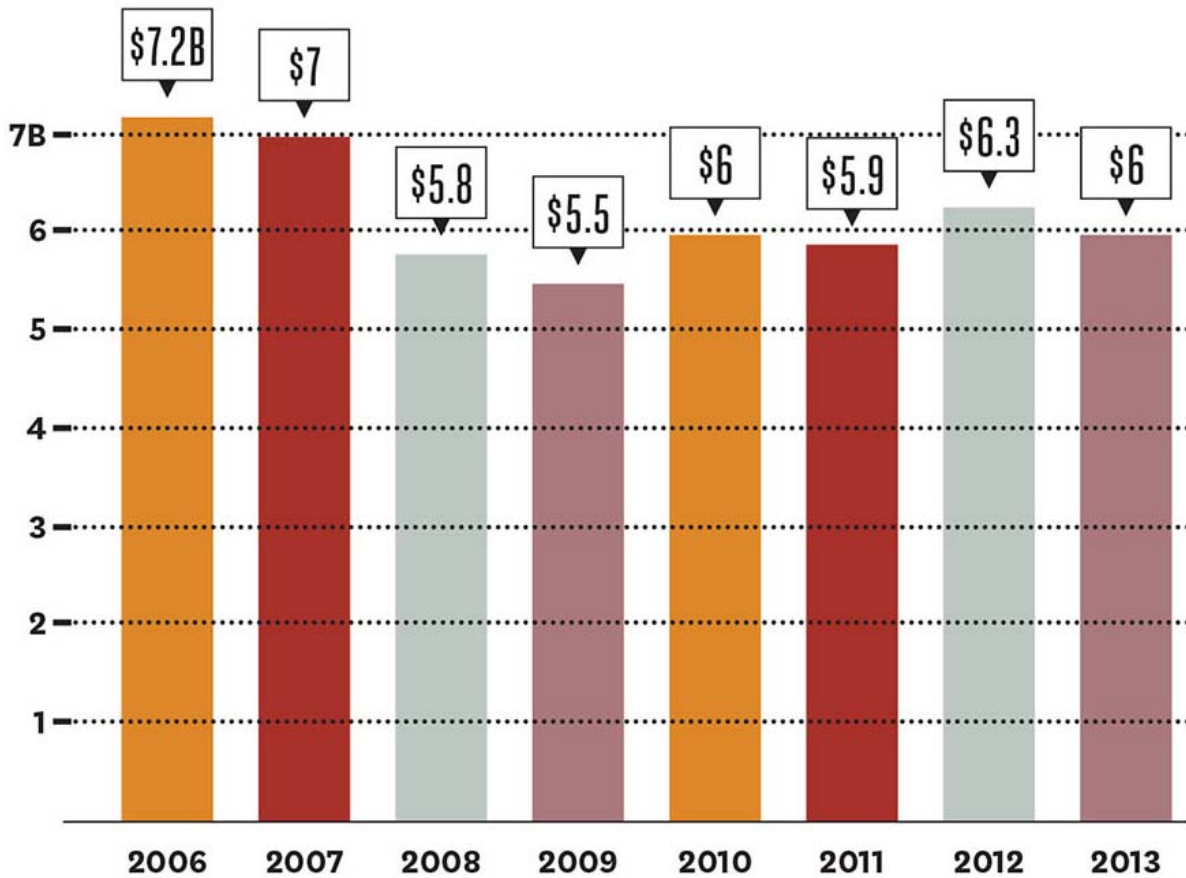
"It's tempting because you have an idea and the resources to back it, but what happens in three years? Ultimately it's going to struggle because the cost of operating one small nonprofit is proportionally higher than operating a big nonprofit," says Landres. Instead, he recommends setting up a donor-advised fund: "You get the brand impact, but you lend your name and funds to the best organizations in the field." (DAFs have been criticized, too) He also suggests a collaborative effort such as *War Dogs* producer Scott Budnick's Anti-Recidivism Coalition or Lady Gaga's Born This Way Foundation, which routinely partners with existing anti-bullying efforts.

Long-term and unrestricted gifts also are highly valued. "People are so terrified of the word 'overhead,' but one of the greatest gifts you can give to a nonprofit is general operating support so they can run the way you would run a business," says Adolphson. "Everyone in Hollywood can understand that concept."

Judy Spiegel, former interim executive director at the YWCA Santa Monica, says the center largely flew under the entertainment industry's radar, but it's not too late to rescue other nonprofits in the red: "There are so many generous people in the Hollywood community with tremendous visibility, credibility and wealth who can put a face to an issue, which adds credibility — and credibility adds dollars."

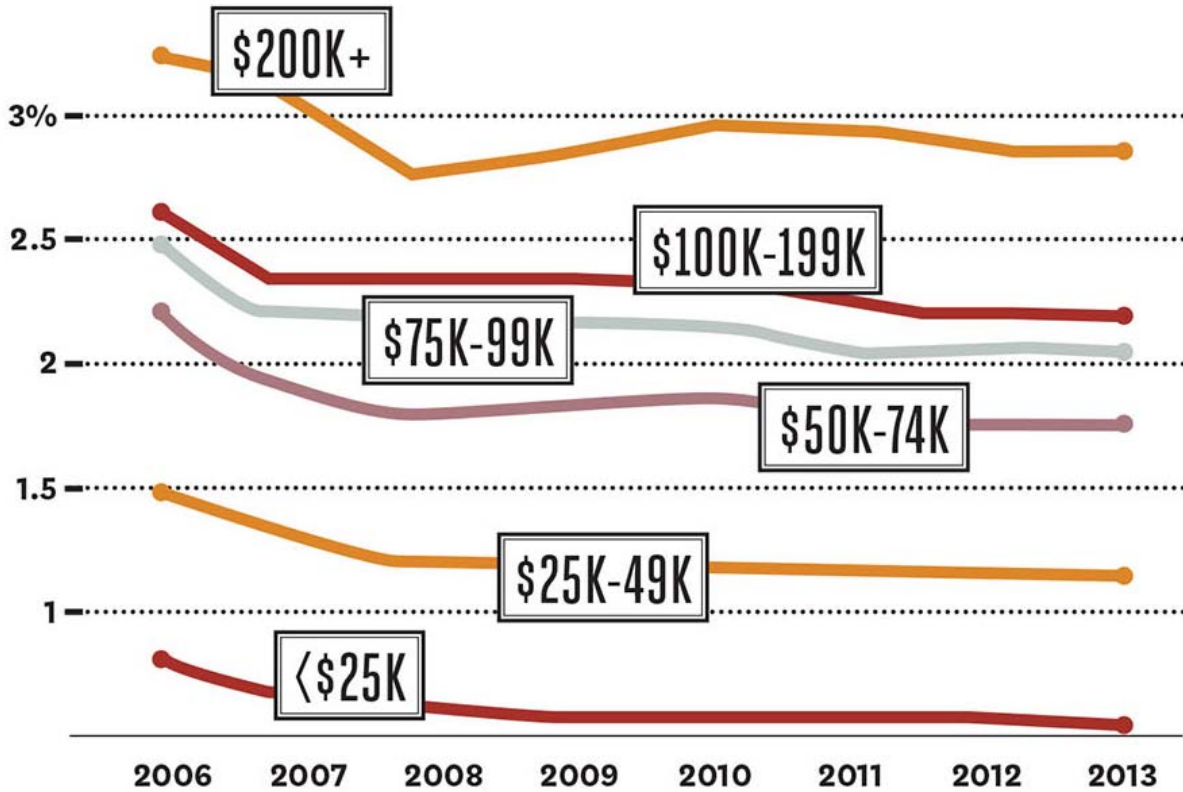
Charitable Contributions by L.A. County Residents

Giving hasn't recovered from the recession



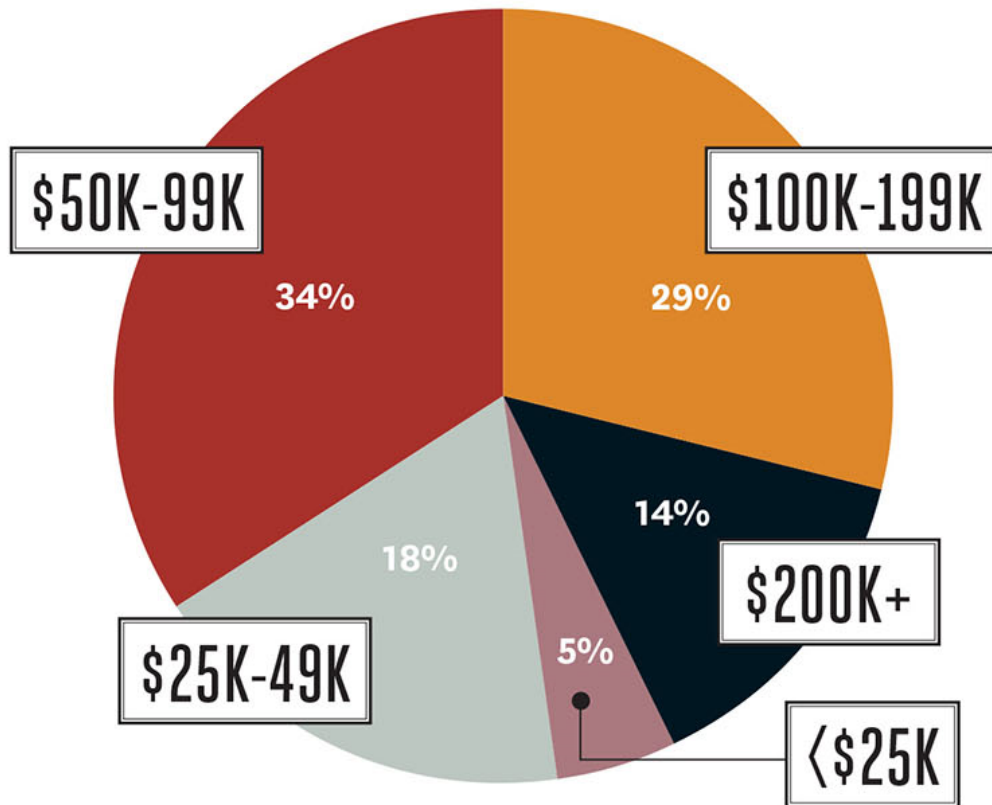
Charitable Contributions as Share of Income

Higher earners give more but have cut back



L.A.'s Charitable Donors by Household Income

Only 14 percent of givers make \$200K-plus



This story first appeared in the Aug. 26 issue of The Hollywood Reporter magazine.

Source URL: <http://www.hollywoodreporter.com/news/study-las-wealthy-give-1-919820>