



KEAN UNIVERSITY FOUNDATION

A Great Time for Prospect Identification

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The Correlation Between Political Giving and Philanthropy

Competition for the charitable dollar continues to increase. In addition to the hundreds of billions of dollars that are given to worthy non-profit organizations every year, the recent presidential election consisted of a great deal of fundraising. While some in the non-profit sector might find this extra competition to be discouraging, it is actually a great time for prospect research and qualification.

The principles and dynamics involved in both non-profit and political fundraising are similar, and so is donor intent. Charitable donors want to see improved programs, literacy rates, health, housing, and so on. Political donors want to see inspiring leaders elected who will put new policies into place. However, the desire to make a difference – by creating a better society or a stronger community – is at the core of both political and philanthropic fundraising.

Also, it is worth noting that one of the most dramatic differences between the average non-profit donor and the political donor is found in household income. People who give to presidential campaigns tend to have higher incomes (50% above \$100,000), while those who give to non-profit organizations tend to have moderate to low incomes (50% between \$25,000 and \$75,000).

Below please find a few points outlining the commonalities between political and non-profit fundraisers:

- Non-profit and political appeals are speaking to the same audience. Individuals who are civically engaged are also philanthropically inclined. Noted social scientist Robert Putnam tells us that people who vote have

higher “social capital,” give more, volunteer more, are more likely to attend religious services, and the like.

- The public doesn’t distinguish between political and charitable fundraising. For good or ill, they lump both together.
- There exists common public relations challenges. The public’s views about fundraising are influenced by negative media coverage and scandals, as well as telemarketing and junk mail.
- Both can learn a lot from each other. Political fundraisers secure large amounts of money in short periods of time under stringent constraints, with fewer tools and techniques, and under tremendous public scrutiny. Non-profit fundraisers should examine how they meet these challenges.

What Does This Mean for Those in the Non-Profit Sector?

While charities should be careful not to educate voters on a political position unless they comply with the Internal Revenue Service’s (IRS) requirements, fund development executives and non-profit management consultants should conduct extensive prospect research during election years. Political giving is known to be an excellent marker of philanthropy. Non-profit fundraising professionals have access to information that can help uncover new sources of funding. For instance, the Federal Election Commission Political Giving Database includes virtually every contribution of \$200 or more over the past 25+ years, approximately 15 million records. When evaluating a prospective donor, the presence of Federal Election Commission regulatory records can be one of the most powerful predictors of an individual’s inclination to give. Most records also include individuals’ occupations or employers and new data is available monthly. Furthermore, the IRS’s 527 political donor database is also an often overlooked source of giving information. Best known for the role they played in past presidential

elections, 527 organizations can collect contributions of any size and new data is available on a quarterly basis. Of course, actual financial disclosure reports are also filed by House, Senate, and presidential campaigns, political parties, and political action committees. Some noteworthy observations made by the prospect screening firm DonorSearch that relate to political giving and philanthropic inclination appear below:

- A single FEC gift of \$250 is regulated;
- Employer, recipient campaign, home or business city, state and zip, date are reported;
- 94% of Americans never make a political gift, which means only 6% do;
- Gift sizes are suppressed because of regulatory limitations;
- One-tenth of 1% of Americans make a single political gift of \$1,000; and
- In a study of 1 million records, 70% of all non-estate giving was attributable to FEC donors.

To take it a step further, cumulative political giving of \$5,000 for an individual is considered large while \$10,000 and above is exceptional. As such, this past year's presidential election provides all of us in the philanthropic world with an excellent opportunity to qualify current prospects and uncover new potential sources of funding.

The Value of Studying Political Giving

As the nation comes off of a presidential election, it's a good time to remember that non-profits face the continuous scrutiny of voters as well. On our ballot in the non-profit sector, no candidate gets a pass. Whether it is individual donors, foundation grantees, or corporate funders, voters

examine operations with a keen eye toward efficiency and effectiveness. Therefore, we owe it to our "voters" to stay abreast of current industry trends such as political giving's role in prospect research.

Organizations that examine political giving as they conduct prospect research are better able to identify new prospects, build positive relationships with potential donors, and, to a large extent, upgrade financial prospects. Thus, an in-depth examination of political giving, coupled with traditional forms of prospect research, can provide non-profit organizations with the foundation to effectively carry out virtually any fundraising program. This, in turn, delivers a pipeline of highly qualified, prioritized, and segmented prospects, which is what every non-profit is looking for!

In the current philanthropic environment, proper prospect research cannot be conducted without reviewing political giving. Today's fluid economic times mean a lot of non-profits are looking for new ways to raise money. Smart organizations realize that assessing the political giving of prospective donors presents a huge opportunity.

About Kean University Foundation

The Kean University Foundation is the university's primary fundraising and gift-receiving organization. It was founded in 1984 as a non-profit, tax exempt organization that advances the mission of Kean University by pursuing and securing private support to benefit Kean's students, faculty, programs, and/or facilities.



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