



## METRICS FOR EVALUATING FUNDRAISING

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Charitable organizations need measures to assess fundraising and to assess relationships and engagement with donors. Some measures evaluate the cost to raise a dollar. These are often calculated before including staff time. Another measure considers Return on Investment, which can be calculated with or without staff expense. Individual charities and some organizations also publish other benchmarks, such as costs for special events (AFP), open rates for emails (NTEN), return on direct mail (Direct Marketing Association), and others. This material compiles available resources and discusses what to measure and why.

### **Tracking Cost to Raise a Dollar/Return On Investment (CTRD/ROI)**

There are no uniformly agreed upon standards in fundraising for the cost to raise a dollar (CTRD) or Return on Investment (ROI). There are, however, studies and surveys that present data from a wide range of types and sizes of organizations. Some of these are presented here.

Ideally, organizations will include staff expense for fundraising when calculating ROI. The Urban Institute and Indiana University estimated average ROI nationally at \$4 per \$1 invested.<sup>1</sup> A survey of health philanthropies in 2012 in the U.S. found a median ROI of \$3.22 fundraising, including staff costs and \$4.39 in Canada.<sup>2</sup>

An ROI somewhere between \$3 and \$5 may be an appropriate target for return on investment for the entire development program.

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<sup>1</sup> Hager, M., P. Rooney, and T. Pollak. 2001. Variations in the costs of fundraising. Working paper. <http://nccsdataweb.urban.org/kbfiles/526/Variations.pdf>.

<sup>2</sup> Association for Healthcare Philanthropy. Reports on Giving, USA and Canada, 2013 about 2012 fundraising, [www.ahpnet.org](http://www.ahpnet.org).

## **The Importance of Monitoring Donor Retention**

Retention is essential to successful annual fund programs and to major gifts. Increasing retention by just 10 percent, from 41 percent to 51 percent, can increase total receipts over five years so that the organization receives 150 percent more than it would have without that bump up in retention.<sup>3</sup>

Several benchmarks for donor retention are available, and they range from a retention rate of 40 percent of arts donors in 2012 (arts organizations participating in a national study<sup>4</sup>) to a retention rate of 62 percent (higher education, drawn from a software vendor database).<sup>5</sup> A third study compared standard retention rates with rates in organizations implementing donor-centered fundraising practices (DCF). Those using DCF methods saw retention rates 10 to 15 percentage points higher than the typical organization.<sup>6</sup>

## **GROWTH IN GIVING INITIATIVE AND FREE RESOURCES FROM AFP**

Growth in giving evaluates changes from year to year in both number of donors and amount received. A Growth In Giving Initiative, developed in part by AFP and the Urban Institute, with significant partnerships with Philanthropic Services to Institutions and the YMCA, offers several resources. These include the Fundraising Effectiveness Project annual report, a template for creating a Growth in Giving report, a fundraising fitness test, and additional tools. All can be found at [afpnet.org/FEP](http://afpnet.org/FEP)

## **Fundraising Effectiveness Project**

The Fundraising Effectiveness Project annual report provides benchmarking data for growth in giving by year (since 2005), size of gift, nonprofit subsector, region, and age of the fundraising program. According to the most recent FEP report, the median change in the number of donors in Arts organizations was a net loss of 5 percent (FEP 2011-2012, released in 2013). Among higher education organizations, the net change was a loss of 4 percent in the number of donors. Losses in dollars received were not quite as severe, at -3.4 percent for Arts organizations and -1.2 percent for education organizations.

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<sup>3</sup> Example at [Bloomergang.co](http://Bloomergang.co), on the page about donor retention. Bloomerang.co was co-founded by Adrian Sargeant, nonprofit giving scholar, Jay Love, software company entrepreneur, and Tom Ahern, author of works about donor communications.

<sup>4</sup> Fundraising Effectiveness Project. 2013. [www.afpnet.org](http://www.afpnet.org).

<sup>5</sup> Blackbaud 2011 Index of Higher Education Fundraising Performance.

<sup>6</sup> Penelope Burk, 2013. *Donor-Centered Leadership*.

## Growth in Giving Tools for Nonprofits from AFP

Several donor management software packages are set up to do the Growth in Giving calculations. But nonprofits can do their own calculations using tools developed by the project:

- A. A free tool for creating a **Growth in Giving report** is available at <http://www.afpnet.org//Audiences/ReportsResearchDetail.cfm?ItemNumber=5181>.
- B. A free **Fundraising Fitness Test** [also](#) is available at <http://www.afpnet.org//Audiences/ReportsResearchDetail.cfm?ItemNumber=5181>

Both tools include instructions and an Excel-based input form. A nonprofit organization uses its giving data and pastes three columns into the Excel file. Once the data are transferred into the Excel-based template, the automatic analysis show gains and losses in the number of donors and the amount of gift dollars received. These can be benchmarked with the national Fundraising Effectiveness Project results. This allows the organization to compare itself with others.

AFP's Growth In Giving Initiative (GIGI) is releasing new Excel-based tools in 2014 to assist organizations. Participation is free and no donor identifying information is shared.

Measures for donor retention	
First-year donor retention (Blackbaud, 2014)	29.3%
All donor retention (FEP, 2013)	65%
Level of annual fund donor retention associated with raising more (NRC*, Summer 2014, npresearch.org)	50% and above
Percentage of annual fund donors upgrading gift amount from prior year that is associated with raising more (NRC*, Summer 2014, npresearch.org)	5% and above

\*Sponsored by Association of Fundraising Professionals

## BENCHMARKS FOR OVERALL MEASURES

OVERALL MEASURES					
Measure	Source (see list at end for URLs)	Year of Data	Value		
2013 change in total giving	Giving USA 2014	2013	4.4%		
Retention rate, # of donors giving again (= 100% - 34.5% lapsed new donors)	Fundraising Effectiveness Project (FEP)	2011 to 2012	65%		
Net change in received dollars, by gift total	FEP	2012	Giving < \$100,000: - 13.5%		
			Giving \$100k-\$500k: - 5.1%		
			Giving >\$500,000: 16.6%		
Cost to Raise a Dollar (CTRD)	AHP (used with permission)	2012	\$0.31		
CTRD overall in fundraising	Hager et al.	1999	\$0.06 25 <sup>th</sup> percentile	\$0.16 median \$0.24 average	\$0.34 75 <sup>th</sup> percentile
ROI (USA) - includes pledges, deferred giving commitments	AHP (used with permission)	2012	\$2.02 25 <sup>th</sup> percentile	\$3.22 Median	\$5.40 75 <sup>th</sup> percentile
ROI Canada - includes pledges, deferred giving commitments	AHP (used with permission)	2012	\$4.39		
Percentage of gift dollars received in December	Blackbaud 2013 Giving Report	2013	17.5%		

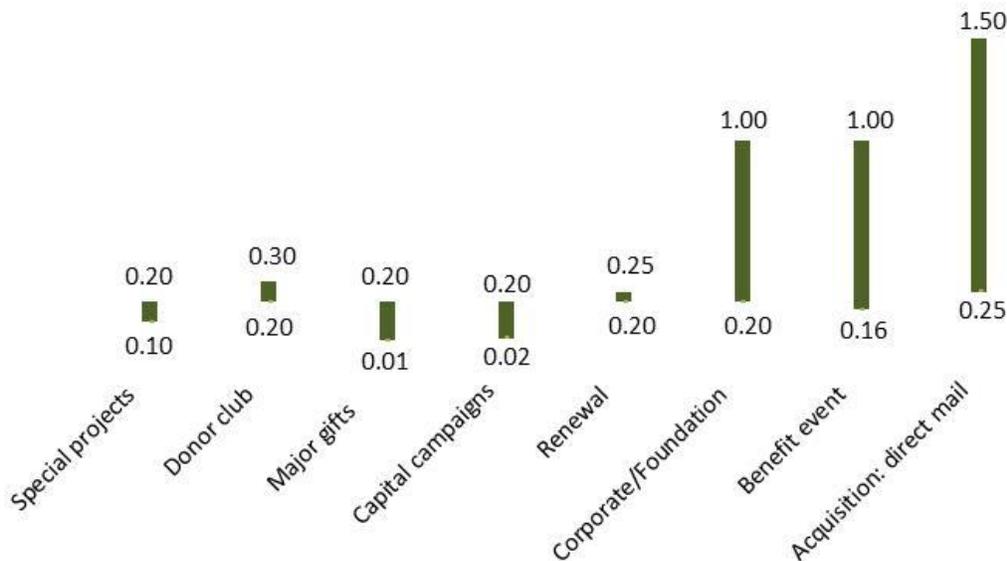
## MONITORING COSTS BY FUNDRAISING TACTIC

Good managers want to know where they can invest more in fundraising and generate a likely return. To do this, they analyze costs by tactic to see where the institution might be investing too much, given the return to date.

A review of marginal costs does not include staff time or activities that reach all donors, such as a newsletter or overall website maintenance. The marginal costs are those traceable specifically to the costs for a given appeal, event, or online effort.

Benchmark data from two different studies show marginal fundraising costs by tactic: data presented by James M. Greenfield<sup>7</sup> and research by Hager, Pollak and Rooney.<sup>8</sup> Figure 1 shows the lowest and highest values published across those two works.<sup>9</sup> Benchmarks are guidelines, not mandates. There are often extremely compelling reasons to exceed the highest reported Cost to Raise a Dollar (CTRD).

FIGURE 1: RANGE OF LOW AND HIGH VALUES FROM TWO COMMONLY USED SETS OF “COSTS TO RAISE A DOLLAR” (CTRD) BY FUNDRAISING METHOD (in dollars)



Data: Hager et al. 2001. Greenfield, 2002. Graphic: MSB LLC, 2014.

Variations reflect different types of nonprofits, scope of fundraising initiatives, and other factors. Still, there are relatively low marginal costs for special projects, donor clubs, and campaigns, with potentially high marginal costs for acquisition direct mail.

<sup>7</sup> James Greenfield. 2002. *Fundraising Fundamentals: A Guide to Annual Giving for Professionals and Volunteers*, 2nd ed. New York: John Wiley & Sons, Inc.

<sup>8</sup> Hager, M. T. Pollak, P. Rooney. 2001. *Variations in the costs of fundraising*. Working paper. <http://nccsdataweb.urban.org/kbfiles/526/Variations.pdf>

<sup>9</sup> M+R/NTEN, 2014. *Nonprofit Benchmarks Study*. <http://www.nten.org/blog/2014/04/09/report-release-the-2014-nonprofit-benchmarks-study>

<b>Tactics and Fundraising Methods,</b> Alphabetical order by common descriptive name	
<b>BOARD GIVING, Nonprofit Research Collaborative*, April 2012</b>	
% using board giving (even if not required)	91%
% requiring board member gift	31%
Amount required, if required (median)	\$1,000
Amount required, if required (average)	\$4,995
Board/trustee giving as % of total	< 10%
% seeing increase in gift amounts from board members in 2013 (March 2014)	47%
<b>CAPITAL CAMPAIGNS, CASE Campaign Report about 2011. Used with permission. Data are for higher educational institutions and independent schools.</b>	
Measure	Value
Overall campaign length	7 years
Quiet phase length	34 months
% of dollars from top 1% of donors (median)	77%
% of dollars from top 10% of donors (median)	95%
% of dollars from trustees (median)	4%
Alumni participation rate (median)	16%
% of dollars from alumni giving (all campaigns)	32%
Average pledge write-off as a percentage of the number of pledged campaign gifts	2%
<b>DIRECT MAIL USAGE, Nonprofit Research Collaborative*</b>	
Measure	Value
% using direct mail, 2013 (March 2014)	80%
Annual fund as percentage of all funds raised (April 2012 report)	43% of respondents received 25% or less of all charitable gifts via annual fund efforts such as direct mail
% seeing increase in direct mail gifts in 2013	51%
Average contribution. Affected by organizational mission, information provided, whether for renewal or acquisition, and the “suggested gift amounts” on the reply card.	Trend is toward tailoring renewal request amounts to donor history. Acquisition mail: When ask amount is low, response rate is higher.
<b>DIRECT MAIL, DMA 2013 Response Rate Report, about 2012. Used with permission.</b>	
Measure	Value
Response rate, letter-size to house file, DMA	3.61%
Response rate letter-size to prospect file, DMA	0.88%
ROI, house file, 2012, DMA	\$4.05
CTRD, renewal, Greenfield/Hager, Rooney	\$0.20 - \$0.25
ROI, prospect file, DMA	\$1.00
CTRD, acquisition, Greenfield/Hager, Rooney	\$0.25 - \$1.50

<b>EMAIL USAGE, Nonprofit Research Collaborative,* various releases</b>		
Measure	Value	
% using email, March 2014 report	80%	
Online giving as share of total, <i>Blackbaud 2013 Charitable Giving Report</i>	5-8% Variation by total amount raised	
% seeing increase in amounts received via email in 2013 (March 2014)	67%	
<b>EMAIL BENCHMARKS, M+R/NTEN, 2013 report released April 2014</b>		
Email open rate	13%	
Click-through to FR option	0.45	
Gift complete - overall email FR response rate	0.07%	
Gift amount per ONE completed email gift	\$57	
Email respondents who become Monthly donors, average monthly gift	\$20	
Gift \$ received per email 1,000 messages delivered	\$17	
<b>MAJOR GIFTS, Nonprofit Research Collaborative,* March 2014</b>		
% using major gift giving	90%	
% seeing increase in major gift amounts received in 2013	67%	
CTRD, Greenfield/Hager, Rooney	\$0.01 - \$0.20	
<b>ONLINE/WEBSITE, M+R/NTEN, 2013</b>		
% of website visitors who make a gift	0.7%	
% of visitors to main donation page who give	15%	
Average gift amount, other online (website)	\$104	
Revenue per site visitor	\$0.60	
For online donors who become monthly donors average monthly gift	\$23	
<b>SPECIAL EVENTS, NRC* and AFP*</b>		
% using special events, NRC March 2014	78%	
% of organizational revenue from events, when an organization does events, AFP Special Events Report	50% report receiving < 10% of total revenue from events	
CTRD (includes direct costs and staff time allocation and based on gross amount raised, not net).  Limited to responses that offered CTRD estimate. Limited to four most frequent event types. AFP.	<b>Gala</b>	57% report < \$0.40
	Median	\$0.20 to \$0.39
	<b>Auction</b>	60% report < \$0.40
	Median	< \$0.20
	<b>Tournament</b>	63% report < \$0.40
	Median	\$0.20 to \$0.39
	<b>"a-thon"</b>	76% report < \$0.40
	Median	< \$0.20

More on “A-Thon” events, Convio and 360 Event, 2008/Blackbaud 2013	
“Run, walk, ride” average number of registrants (Convio)	2,500
Average amount raised per registrant (Convio)	\$859
Median amount raised per registrant (Convio)	\$110
Average registration fee (Convio)	\$27
Average online donation (Blackbaud) from donor supporting participant	\$55 to \$80, varies with type of event
Average dollars raised per participant (Blackbaud)	\$16 for 5k event up to \$827 for endurance event
Website (see Online/website)	

\* Sponsored by or conducted by Association of Fundraising Professionals

## RESOURCES FOR METRICS

We have done our best to compile other sources for fundraising benchmark metrics. If you know of one we have missed, please email it to [RStockman@afpnet.org](mailto:RStockman@afpnet.org).

### General Sources

These studies that cover giving and fundraising generally.

Blackbaud 2013 Charitable Giving Report

(<https://www.blackbaud.com/files/resources/downloads/2014/2013.CharitableGivingReport.pdf>)

Summarizes finding about charitable gifts including breakouts by type of charity and includes percentage of funds raised month-by-month.

Blackbaud Index (<https://www.blackbaud.com/nonprofit-resources/blackbaud-index>)

Monthly index of receipts at participating organizations. Tracked over 12 months to show rolling average changes.

Blackbaud 2014 *Donor Retention Strategies* <https://www.blackbaud.com/nonprofit-resources/npexperts>

Giving USA ([www.givingusareports.org](http://www.givingusareports.org))

Annual estimate of changes in charitable giving by source of donation (four sources included) and by type of recipient (11 types included). Usually released in the third week of June for the year just ended.

Nonprofit Research Collaborative\* ([www.npresearch.org](http://www.npresearch.org))  
Surveys nonprofit organizations about fundraising receipts by type of organization and tracks compared with whether organization raises more and/or meets fundraising goals.

Hager, M., T. Pollak and P. Rooney. 2001. Variations in Overhead and Fundraising Efficiency Measures. <http://nccsdataweb.urban.org/kbfiles/526/Variations.pdf>

## Resources by Tactic

### *All tactics*

- Nonprofit Research Collaborative\* ([www.npresearch.org](http://www.npresearch.org))  
Surveys nonprofit organizations twice a year about fundraising receipts by fundraising method (direct mail, online, events, major gifts, etc.). Reports results for all tactics. Free.
- Blackbaud Index of National Fundraising Performance (<https://www.blackbaud.com/nonprofit-resources/national-fundraising-performance-index>)  
Tracks charitable receipts at participating organizations and releases periodic reports for different tactics (online, peer-to-peer, and others).
- AHP (see below) ([www.ahpnet.org](http://www.ahpnet.org))  
Survey of health philanthropies available to members. Reports percentages raised by different tactics among health philanthropies. 2012 findings:  
Annual gifts: 20%  
Major gifts: 22%  
Institutions: 21% (corporations, foundations)  
Events : 15%  
Planned gifts: 9% (includes commitments)  
Government : 4%  
Other 9%

### *Bequests – see planned giving/legacy giving*

### *Board Giving*

- Nonprofit Research Collaborative\* ([www.npresearch.org](http://www.npresearch.org))  
Board giving was the focus of a survey in 2012 and results appeared in two reports. The [Winter 2012 report](#) contains average and median board giving amounts by type of organization, the percentage of organizations that expect board members to contribute, and other data related to gifts from board members. The [September](#)

[2012 special report](#) looks at board member engagement in fundraising and how it relates to meeting fundraising goals.

### ***Direct mail***

- Direct Marketing Association ([www.thedma.org](http://www.thedma.org))  
*The DMA Response Rate Report* covers commercial and charity mail and email. Available for non-members through purchase. Data here is used with permission from the 2013 report.
- DMA Nonprofit Federation (<http://www.nonprofitfederation.org/>)  
Section of the DMA focused on work with charitable organizations. Publications available to members at no charge.

### ***Events – see Special Events***

### ***Planned Giving/Legacy Giving***

- *American Charitable Bequest Demographics* by Russell N. James, III. Free download at <http://www.encouragegenerosity.com/ACBD.pdf>

### ***Online***

- M+R/NTEN ([www.nten.org](http://www.nten.org))  
[2014 Nonprofit Benchmarks Study](#) reports the results of a study of online fundraising. Free.
- Blackbaud ([www.blackbaud.com](http://www.blackbaud.com))  
[2013 Online Marketing Benchmark Study for Nonprofits](#)

### ***Special events***

- Association of Fundraising Professionals.\* 2014. Special Event Report. [\[link\]](#)
- Event 360 and Convio, 2010 report with [benchmarks based on “run, walk, ride” events held in 2009.](#)
- Blackbaud, *2013 Peer-to-Peer Fundraising Study.*  
[https://www.blackbaud.com/files/resources/downloads/2013\\_p2p\\_benchmark\\_FIN\\_AL.pdf](https://www.blackbaud.com/files/resources/downloads/2013_p2p_benchmark_FIN_AL.pdf)

### ***Texting/Short Message Service (SMS)***

- *MGive Text Donation Study.*  
[https://mgive.org/pdf/mGive%20text%20donation%20study%202014\\_14.pdf](https://mgive.org/pdf/mGive%20text%20donation%20study%202014_14.pdf)

## Other

### *Telethon testing a low gift amount compared with no specific request (and other variations)*

Edwards, J. and List, J. 2014. Toward an understanding of why suggestions work in charitable fundraising: Theory and evidence from a natural field experiment. *Journal of Public Economics*. Vol. 114, Issue 0.

These authors designed an experiment within a campus telethon. They found that asking for \$20 increased the response rate, but lowered the average gift compared with not naming a specific amount. Almost 30% of alumni who pledged a gift by telephone (rather than paid it with a credit card during the call) did not fulfill the pledge.

## Sources for Benchmarks for Specific Types of Charities

Note that key findings from many of these are included in *Giving USA*, the yearbook of philanthropy typically released in June of each year. This site maintains the web site information only as report content is changed frequently.

### Arts

Association of Art Museum Directors ([www.aamd.org](http://www.aamd.org))

Archive copy of [2011 State of North America's Art Museums](#). *This survey seems to have ended with that edition.*

### Dance/USA

According to the snapshot of the field, in total, dance companies earned [48 percent of their total revenue from contributions](#).

Theatre Communications Group ([tcg.org](http://tcg.org))

Free annual publication of survey results, philanthropic support compared with other funding, [Theatre Facts](#) and an accompanying summary, [Taking Your Fiscal Pulse](#)

### Education

National Association of Independent Schools ([www.nais.org](http://www.nais.org))

Free annual survey results include data about trustee giving, [Facts at a Glance](#)

Council for Aid to Education ([www.cae.org](http://www.cae.org))

Annual survey of higher educational institutions, [Voluntary Support for Education](#). Press release at site. Full report available to respondents and to purchasers.

CASE ([www.case.org](http://www.case.org))

Periodic surveys related [to campaigns and metrics](#) in educational advancement. Usually available to members only. Data used here from the 2011 *CASE Campaign Report* are cited with permission. The *CASE Campaign Report* is available for purchase at [Store.CASE.org](#).

A portion of the CASE website includes [additional resources about assessment and metrics](#) from CASE publications.

### Environment/Animals

Some information about changes in giving in general resources, the Nonprofit Research Collaborative and the Blackbaud Giving Index.

### Health

Association for Healthcare Philanthropy ([www.ahpnet.org](http://www.ahpnet.org))

Annual survey of healthcare philanthropies, with ROI, CTRD included. This is the study that found overall ROI of \$3.22 for 2012. Available to members or for purchase.

**Human Services**

Some information about changes in giving in general resources, the Nonprofit Research Collaborative and the Blackbaud Giving Index.

**International**

Some information about changes in giving in general resources, the Nonprofit Research Collaborative and the Blackbaud Giving Index.

**Public Society Benefit**

Some information about changes in giving in general resources, the Nonprofit Research Collaborative and the Blackbaud Giving Index.

**Religion**

National Congregation Study (2006-2007 available as of June 2014; 2012 data forthcoming). Congregations in 2006 reported median income of \$90,000, with a median of \$75,000 from individuals (83%). Additional income from building sale or rental supported 21% of congregations. Nearly 6 in 10 (57%) had an endowment. More information is at American Congregations at the Beginning of the 21st Century, <http://www.soc.duke.edu/natcong/>