

STRATEGIC LEADERSHIP: LEVERAGING DATA FOR THE FUTURE OF CATHOLIC DEVELOPMENT

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FOREWORD BY BRIAN CRIMMINS

2015

A FOREWORD FROM THE CEO

As the external philanthropic environment continues to evolve, often at a rapid pace, so too must the tactics and strategies of archdiocesan, diocesan and foundation development officers in order to fully realize the expectancy of a changing market. These changes are the results of demographic shifts in Catholic communities, increased competition for the philanthropic dollar and an overall change in the way people engage with, and ultimately decide, where to give their charitable donations. A new approach is required.

Development professionals and programs that excel do so by virtue of their ability to adapt and embrace proven and emerging methodologies that enhance the mission equity of their organization in the hearts and minds of their constituents. Simply stated, they do not leave their strategy to chance, and neither should you.

This publication outlines the current trends in Catholic philanthropy based on our experience working with over 750 Catholic archdioceses, dioceses, foundations, institutions and organizations. As you will see, we use data to validate and guide our decision-making process. We provide you a point of departure from which to consider how to enhance your philanthropic strategy and activities coupled with the real world implications that are relevant to your practice as Catholic fundraisers.

Our purpose has been, and continues to be, encouraging broad and deep thinking about the directions, implications and future of philanthropy. Speaking on behalf of my colleagues at Changing Our World who serve countless Catholic archdioceses, dioceses, parishes, and other organizations, we hope you find this information timely and relevant and look forward to engaging in a lively conversation with you.

Sincerely,



Brian Crimmins

Chief Executive Officer

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THE CHANGING CATHOLIC POPULATION

The largest single faith group, American Catholics (66.6 million), represents 22% of the nation’s population and that number has grown over the last three decades. Catholics support their dioceses, parishes, and health and service agencies with hundreds of millions of dollars in donations each year. On average, Catholic households donate more than \$560 each to charitable causes and to the Church.

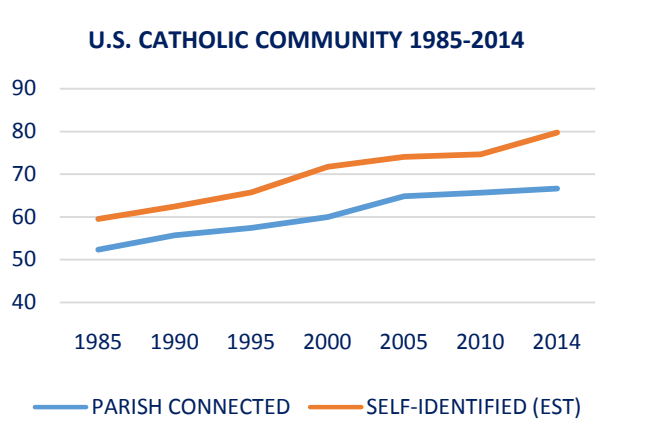
Underneath this strength lies significant change, and with change, both challenges and opportunities. The number of parishes is declining and 20% do not have resident priests, compared to 3% in 1965. In turn, average parish size has increased 14% over the last two decades, to an average of 3,809 people, ten times the average size of a non-Catholic worship community. In places like the Southwest, where the Church is growing rapidly, parish size is three or four times the average.

As parish life changes, many Catholics are not registered in or affiliated with a parish, and hence are difficult to reach consistently with services and messages of all types. There are nearly a quarter million fewer infant baptisms each year than two decades ago, partially reflecting a falling birth rate, and 40% fewer adult baptisms. The number of marriages has declined by almost half. The traditional, automatic definition of Catholic supporters will be constrained and new approaches are needed.

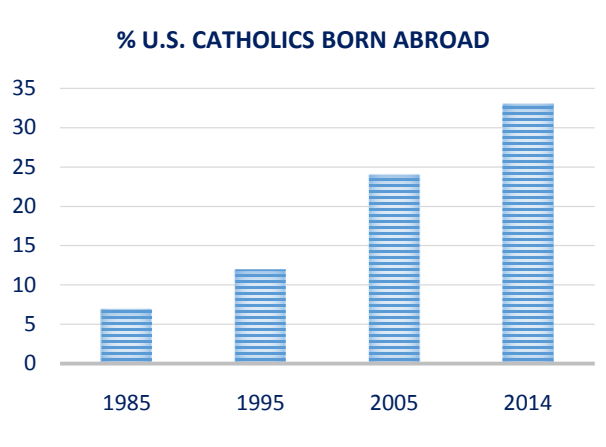
In parallel with institutional change, Catholic communities themselves have changed. Two decades ago, 13% of American Catholics were foreign born. Today, that has risen to over a third. One in five Asians is Catholic, as are three million African Americans. A third of Catholics are Hispanic in origin (55% of Hispanic adults identify as Catholic), but only 3% of priests are Hispanic and only 25% of parishes have a Mass in Spanish.

Recent surveys indicate that the common wisdom about the historic link between the rise of the nation’s Hispanic population and the growth of the Church may be changing. Pew Research has found that only five years ago, 67% of Hispanic adults were Catholic, compared to today’s 55%. One in four Hispanic adults surveyed by Pew identifies as a former Catholic, with rising portions re-identifying with Pentecostal churches.

In general, Catholic religious giving is competitive with the giving from members of other faiths in terms of the percentage of Catholics who give to the Church. But total giving as a percent of income is lower for Catholics than for many other religions (about 0.75% down from 3.6% in the 1960s), and the percentage of that giving that is allocated to religion is especially low. Yet, parishes rely on Sunday collections for three-quarters of their budgets, and hence strengthened giving is critical to a secure future.



Source: Center for Applied Research in the Apostolate



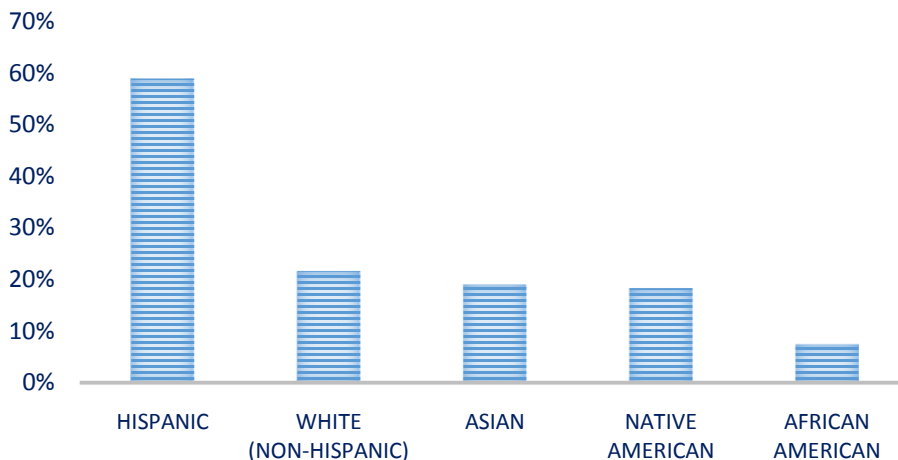
Source: Center for Applied Research in the Apostolate

IMPLICATIONS FOR DEVELOPMENT

There are a huge number of communities and parishes in which the Catholic population is growing and deeply engaged in its faith community. For others, however, there is a considerable challenge to maintain strong communities of faith and financially resilient faith institutions. Fundraising is at the center of that challenge. Here's how:

- **Many parishes have shown that diversity is not a barrier to successful fundraising.** This needs to be shared and communicated throughout the nation.
- Falling participation in Mass and other religious rites means less regular interaction with the faithful, and therefore **there is need for both new ways to engage more Catholics and new and more powerful messages that tie participation in Catholic community to financial support.**
- Fewer Catholics in a community means **greater need to tie the work of the Church to the well-being of communities themselves** by documenting the impact of Catholic outreach, and therefore attracting financial support to the actions of the Church from those who may not be Catholic.
- More pressure on pastors and lay leaders to serve larger, and often more far-flung parishes, means **greater need for efficiency in fundraising.**

U.S. ETHNIC/RACIAL GROUPS WHO IDENTIFY AS CATHOLIC 2013 ESTIMATES



Source: Pew Research Center

WHAT YOU CAN DO

EMBRACE DATA

Understand your constituents deeply through the data and look for patterns and developments related to their perceptions and motivations. Use data to delve more deeply into what works to inform your strategy. Place evidence in the driver's seat. A healthy and user-friendly constituent database is essential. Consider investments in technologies and analytical systems to be critical expenditures not the first place to cut corners.

CONTINUALLY ASSESS

Don't assume anything. Regularly ask your constituents about their philanthropic priorities and the expectations they have for their donated dollars. And not just every ten years; today, people's views and priorities change constantly. Stay close and attuned to their hopes, fears and behaviors. In the face of fundamental change, you cannot assume that anything you knew last year, or anything that is in your database from five years ago, is still true. Additionally, knowing your devoted followers is critical, but more important is tapping into those who have not yet identified themselves as supporters. This will broaden your understanding of the community, its priorities, and ultimately your donor base.

VALUE CULTURE

Every organization, Catholic, non-Catholic and secular, must be acculturated, from the receptionist desk to the C-Suite. Understand the diversity of the people sitting in your pews, their priorities, their views on giving, and how and what they want to hear. This is not a matter of being sure that someone speaks Spanish. This is a matter of deeply knowing and understanding the perspectives of all segments of diversity in your diocese, parish, or constituency.

UNDERSTAND GENERATIONS & LIFE CYCLES

Segment your community by state of life, not by the Census Bureau. Then diversify communications and solicitation tactics with purpose and with targeted discipline. Younger generations approach communications differently than Boomers. Those in their prime earning years have different needs and demands than retirees. Those approaching retirement will look at financial commitments differently than those early in their careers. The very definition of retirement is changing, and longer life expectancies mean longer arcs of fear about the adequacy of incomes. Each period of life requires different tactics and different messaging.

BUILD COMMUNITY

In an age of constant pressure and cacophonous communications, people want to belong. Build community within your constituents and between your constituents and the larger community in which they exist. Dioceses and parishes are not islands, they are part of larger groups and needs in communities. Leverage those larger relationships so the place of your constituency within the faith and the place of the faith within community is clearly seen and felt. Communicate with your donors frequently with messaging that makes the connections apparent between their faith experience as parishioners and the larger philanthropic priorities and programs. Develop giving societies for those who contribute at higher than average levels and utilize those giving societies, throughout the year, as opportunities for interaction with and between your constituents.

CONNECT WITH YOUR COMMUNITY

Get out of your office. Become known to those who support you – really known. Become known within community organizations and raise the visibility of Catholic institutions in the larger community. Spend one day a week meeting people you know and one day a week meeting people you do not know. Plan to do this every week. If you are short staffed or extensive travel is not possible, consider developing a communications program, using channels and technology that connect you remotely to your constituents. In the face of fundamental change, you cannot.

GIVING TRENDS AT CATHOLIC K-12 EDUCATIONAL INSTITUTIONS

There is continued deep irony in Catholic education. On the one hand, by virtually any measure, Catholic K-12 schools outperform overall public school systems. On the other hand, enrollment in Catholic schools continues to drop. Enrollment in 2014-15 was down to 1.9 million students, from a high of 5 million in the mid-1960s. In the last decade alone, Catholic elementary school enrollment has declined by 30% in 12 urban dioceses and 20.4% in the rest of the nation. This is true even in inner cities where scholarship strategies have long been focused on aiding families to enroll. The advent of charter schools has created comparable educational discipline without comparable cost, hence making the scholarship issue even more important. It is also true in middle income neighborhoods where the combination of declining numbers of Catholic families and children, stressed incomes and public education competitiveness complicates the choice to send children to Catholic schools.

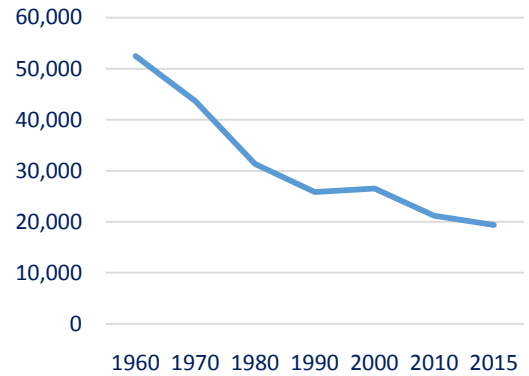
In response, consolidation and closures have resulted in a decline from 13,000 schools in the 1960s to 6,594 today, a reduction of 49%. In 2013-14, 42 schools were opened and 133 were consolidated or closed. Despite this contraction, a third of Catholic schools have waiting lists.

Yet, quality remains a bulwark characteristic of Catholic education. The graduation rate for Catholic high schools is 99%, compared to 95% for private secular schools and 78% for public high schools. Nearly 85% of Catholic high school graduates go on to attend four-year colleges or universities, compared to 39.5% of public school graduates. Their combined 2015 Math and Verbal SAT scores are about 100 points higher than for public school students. Catholic school test scores are higher in every subject and at every grade level. By age 17, Catholic students have math test scores that are 20 points higher than in public schools, a gap that has grown from 12 points in 1982.

As is the case in the nation and the Church overall, the student population is now more diverse. One in five Catholic school students is from a racial minority and another 15% are Hispanic/Latino. These portions are twice what they were in 1970. Nationwide, Catholic schools enroll a third of minority students who use private education. On average 17% of students are not Catholic, a portion that rises to 25% in some schools. Both trends will also change the nature of Catholic school alumni. Just as in the pews, culture will be critical to alumni outreach.

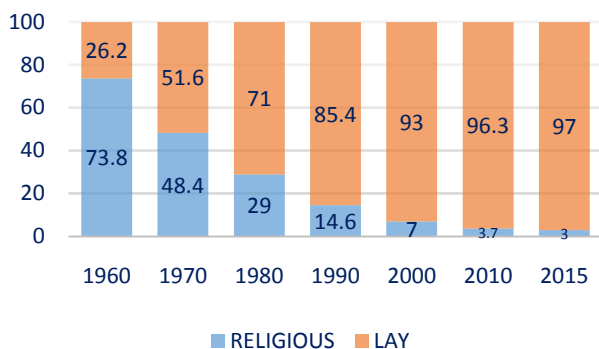
Funding is a growing challenge. Tuition in parish-based elementary schools covers about 68.1% of costs. The equivalent portion for Catholic high schools is 81.6%. Costs and tuitions have risen markedly in part because of the complete change in the teacher cohort from primarily religious to nearly totally lay.

CATHOLIC K-12 ENROLLMENT



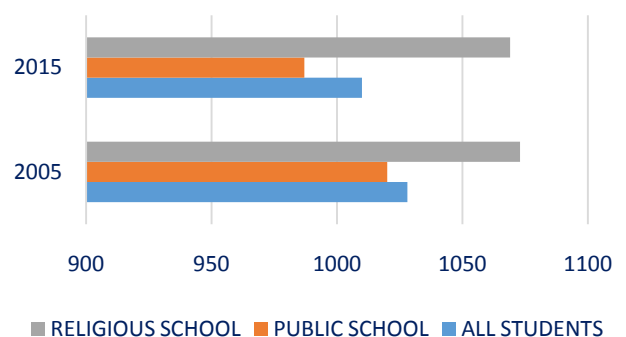
Source: National Catholic Education Association

FULL TIME CATHOLIC SCHOOL STAFF



Source: National Catholic Education Association

SAT SCORES
COMBINED VERBAL & MATH



Source: National Catholic Education Association

IMPLICATIONS FOR DEVELOPMENT

As the Catholic school system becomes smaller, it must create a robust brand that emphasizes quality in many dimensions, both in terms of academic success in K-12 years and also success after graduation. The creation of responsible, self-reliant young adults who are faith-centered and prepared for the changing world is critical. Attention to brand – Catholic, educational and personal – is paramount so the deep assets of Catholic schools can be communicated forcefully and effectively.

The benefits of Catholic schools extend well beyond Catholic students and their families. Catholic schools save public education an estimated \$22 billion annually in direct education costs. Additionally, they create educated citizens ready to contribute to the workforce. Hence, fundraising has the opportunity to extend the reach of the Catholic education argument beyond alumni and Catholic philanthropists, although those are critical constituencies, to broader community philanthropists and employers.

This does not include the contributions of young people who are more likely to go to college and more likely to build their communities' economies. There is ample precedent for broader philanthropic support of Catholic education when the merits of quality in all of its dimensions are made clear.

In turn, maintaining that distinction of quality and impact will require planning beyond scholarships, as important as scholarships are. Schools and school systems will need to carefully examine their business and management models, and seek quality and efficiency of operations as well as of academics if today's philanthropists are to see them as worthy investments. Similarly, continued investment in emerging areas of knowledge – science, engineering, languages – will all be critical to the continued quality and competitiveness that attracts donors.

In a complementary fashion, continued attention to core Catholic mission is also critical, not only for attracting and retaining Catholic families but also for non-Catholics whose enrollment is not simply a matter of academic excellence, but also the personal values they see as central to their children's growth. The uniqueness of Catholic education lies in its values, and the parental market for values is robust.

The changing nature of the alumni will change future strategy. K-12 education fundraising must become as attuned to culture as all other areas of the Church and of national life. Diversity is the rule not the exception. But, for education, that awareness must be coupled with an understanding that nearly one in five alumni is not Catholic. The development of a sense of commitment and loyalty to Catholic education by alumni will need to be multi-dimensional and messaged very specifically to the individuals and their characteristics. One size will not fit all.



Roman Catholic Foundation
of
 EASTERN MISSOURI

The Roman Catholic Foundation of Eastern Missouri has taken a unique approach to supporting the totality of education needs within the system of Archdiocesan education. The Beyond Sunday Education Fund not only enhances access to Catholic schools by increasing scholarship monies, but also strengthens the academic capacity of schools in such areas as science and mathematics and provides seed funding for experiments in improved management, marketing, and cooperative systems. This strategy addresses affordability of Catholic K-12 education, but also enhances the quality of the learning environment.

WHAT YOU CAN DO

USE EVIDENCE

The quality of Catholic education remains unparalleled. Each school must document its specific statistics with a keen eye to the strengths of local competing public, charter and private schools. Schools must gather and communicate the evidence, and identify voices that can carry the evidence to all manner of supporters, corporate and community, as well as Catholic. Today's philanthropies want results. Catholic education produces results. Put the tool of performance evidence to work.

SEEK OUT ALUMNI

Most Catholic elementary schools have rudimentary, at best, fundraising capacities. Even more, schools have not adopted the higher education model of continuous engagement with their alumni. Seek out your alumni, not once, not twice, but engage them on a consistent basis. Create a communications program to inform them of school successes and current needs. Develop fundraising strategy that values their experiences, brings their leadership to your future, and gives them a stake in your success.

BUILD THE BOARD

Traditionally, Boards of Catholic schools have not been seen as "give or get" philanthropic mechanisms. Unlike the Boards of independent secular schools, which are often very consciously developed to be populated with major donors and those who can open doors to major donors, Catholic school Boards, where they exist, are more often made up of parents and parishioners recruited on the basis of historic family ties to the school. While these are important ties that should not be lost, the role of the Board should be more broadly considered. Boards should be able to bring to the school networks or skills or support levels that can be transformational to the sustainability and advancement of the school and its resources.

CATHOLIC ALUMNI PARTNERSHIP

Unlike Catholic high schools, Catholic elementary schools generally have not engaged their alumni. Due to the significant need for strong, sustainable annual fundraising programs, Changing Our World created the Catholic Alumni Partnership (CAP). This program provides elementary schools with the development tools and resources to cultivate and solicit their alumni for ongoing support of their mission. CAP has enabled participating schools to identify, cultivate and solicit alumni for ongoing support of their mission. So far, the Catholic Alumni Partnership has raised more than \$10 million within fifteen archdiocese and diocese across the nation.



GIVING TRENDS AT CATHOLIC HIGHER EDUCATIONAL INSTITUTIONS

In 1789, the founding of Georgetown University marked the beginning of Catholic higher education in America. At that time, 15 of the 17 existing colleges in the country had denominational roots. Women’s education became a particular emphasis of Catholic higher education, and by 1936 there were more Catholic women’s colleges than women’s colleges of any other type in the nation.

Today, there are more than 260 Catholic institutions of higher education in the United States located in 40 states. They enroll nearly a million students, a 20% increase in enrollment in the last 15 years. While two-thirds of students at Catholic colleges and universities are undergraduates, 210 of the 260 schools award masters degrees. A third (88) of the schools award degrees at the doctoral level, 28 have law schools, 25 have engineering schools, and 25 have ties to medical programs.

And their role in women’s education continues. Indeed, women represent 62% of all students in Catholic colleges and universities, compared to 44% in other private four-year institutions. Nearly all of the recent growth in Catholic higher education is due to increased female enrollment.

Catholic colleges and universities also outperform the averages in terms of degree completion rates in four and six years. Nearly half of all students, and more than half of first time/full time students, complete their degrees in four years and nearly two-thirds in six years. More than 90% of entering freshmen at Catholic institutions receive some type of financial aid.

Endowments are a central challenge for Catholic colleges and universities.

Half (53%) have endowments of less than \$25 million. As costs rise, as well as the need for constant investment to maintain excellence in the face of rapid changes in educational methodologies, the need to strengthen endowments is a growing concern.

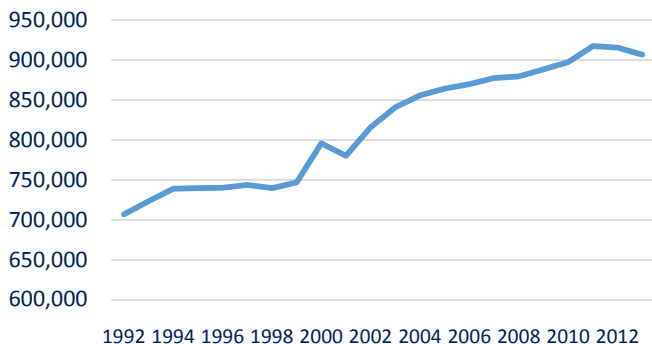
DIVERSITY IS ON THE RISE

In 1980, only 16% of students on Catholic campuses were minorities. Today, that number is 26%.

Catholic campus students are not necessarily Catholic. In fact, 42.5% of students are not, a portion that has been consistently rising.

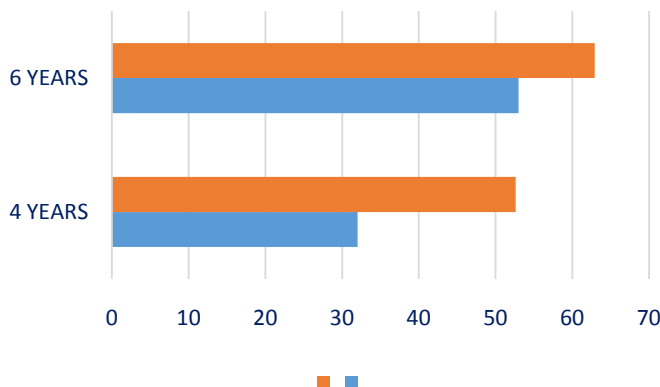
On Catholic campuses 28.7% of students participate in study abroad programs, three times the national average, making Catholic campuses and their students some of the most broadly experienced in international issues in the world.

CATHOLIC COLLEGE & UNIVERSITY ENROLLMENT



Source: Association of Catholic Colleges and Universities

% BACHELOR'S DEGREE COMPLETION RATES FIRST TIME, FULL-TIME STUDENTS



Source: Association of Catholic Colleges and Universities

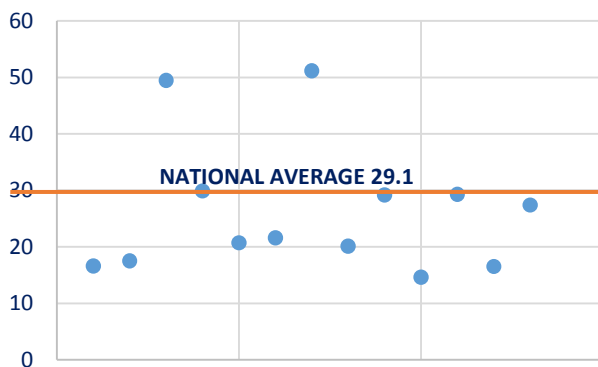
IMPLICATIONS FOR DEVELOPMENT

Catholic colleges and universities have very strong degree completion rates, implying a robust, successful cohort of alumni. The growth in professional and post-graduate programs also suggests advanced degrees with higher income earning capacity. This should lead to more successful fundraising among alumni.

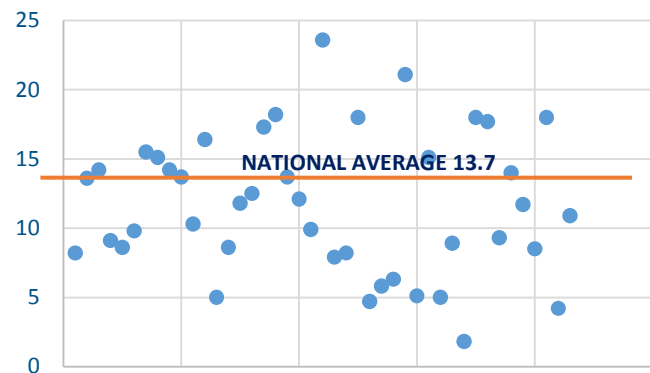
Women's wealth in the U.S. is growing markedly as women are awarded the majority of BA and advanced degrees. The trend will gather strength as these women enter into their highest earning years. Indeed, nearly half of individuals with \$1.5 million or more in investable assets are women. In the 1970s, only 7% of married households had wives earning more than husbands. Today that portion is 38%. This phenomenon of women's wealth accumulation can be seen even more strongly at Catholic higher education institutions whose female students represent a higher demographic concentration on campuses than at other colleges and universities. This is a huge asset base for Catholic higher education fundraising plans, and it argues for dedicated knowledge and strategy to engage women.

As in other areas of Catholic life, culture and diversity are increasingly important parts of fundraising strategy. For higher education, this also means approaches that reach non-Catholic alumni and families from diverse backgrounds. Diversity extends to global experience as well, with a need to relate fundraising to the global academic experiences of students whose worldview may be broader than at many other institutions.

**% OF ALUMNI DONORS TO SOLICITED ALUMNI:
CATHOLIC BACCALAUREATE COLLEGES**



**% OF ALUMNI DONORS TO SOLICITED ALUMNI:
CATHOLIC MASTERS COLLEGES**



Despite rapid growth and higher graduation rates, alumni from Catholic institutions are not giving at the same rate as alumni from other colleges and universities. Changing Our World created two samples from the Voluntary Support of Education data published by the Council for Aid to Education. One addresses Catholic baccalaureate institutions and one addresses Catholic masters institutions, for a total of 56 institutions. More than half of the baccalaureate institutions and more than half of the masters institutions fell below the national average for that group of schools as regards the percent of alumni donors relative to solicited alumni.

WHAT YOU CAN DO

The new norm is set by companies like Amazon that have trained consumers to expect their preferences to be known. Amazon serves its customers according to these known preferences, instantly and consistently. Advancement must also show that it knows its supporters or potential supporters. This means that Advancement must collaborate with all aspects of the university that touch students, alumni and constituents, so those insights inform the specifics of funding strategies and tactics.

MAKE DATA DRIVEN DECISIONS

Catholic school enrollment increases that exceed those of the nation, better performance in degree completion, and growing professional education argue for greater investments in fundraising on the part of Catholic colleges and universities. There is no reason that alumni giving rates at Catholic institutions should not be at or above national averages. There is no theory that would support performance below the mean. There is work to be done, and data should be harnessed to the task - data of all types and from multiple sources.

FOCUS ON WOMEN & DIVERSITY

The tailgate is no longer the dominant tool in the fundraising toolbox. Diversity argues for more nuanced approaches to students and alumni, and a particular focus on women. Not pink brochures, but a deeper understanding of the views, aspirations and preferences of women and diverse alumni, and fundraising strategy that is segmented to meet those views.

EMBRACE COMPLEXITY

Advancement must begin to develop a deep understanding of its constituents not when degrees are handed out, but at admissions. The entirety of a student's experience will be embedded in his/her emotional connection with the school and will set the tone for advancement overtures decades hence. Therefore, advancement officers must work closely with all aspects of the student affairs staff to deeply understand how this newly diverse and female student population is experiencing the university and develop advancement strategy and tactics accordingly.

BEGIN WITH ADMISSIONS

Alumni views cannot be solicited simply because of a fundraising campaign on the horizon. Advancement must work with all aspects of the university conducting any and all student and alumni surveying to ensure that a continual flow of insights about knowledge, behaviors and attitudes flows into the advancement office. Advancement must be the "silo buster" within the university.

COMPETE FOR LOYALTY

One of the complexities of higher education, especially for BA and MA programs, is that successful alumni have multiple degrees from multiple institutions. That is particularly true in the context of Catholic colleges. In today's economy, a BA is the equivalent of a high school degree 40 years ago. Alumni will go on for further degrees, and they may (probably will) do so other than at your school. Catholic higher education fundraisers will need to focus on primary loyalty, on how the first experience, not necessarily the last experience, has been foundational in a life of progress and success. In a world where multiple degrees are the rule not the exception, alma mater loyalty cannot be taken for granted at any point in the arc of change for an alumni. You are competing for that loyalty not only with other causes, but with other colleges and universities. Being prepared to compete constantly is critical to successful strategy.

GIVING TRENDS AT CATHOLIC SOCIAL SERVICES ORGANIZATIONS

Isolating and measuring the role and scope of Catholic institutions in the social services sector faces an array of problems. Definitions lead the list. While there are certainly many nonprofits focused on particular social services issues – e.g., foster care or substance abuse – many organizations found in other “sectors” are equivalently involved. The social workers in hospitals, for example, are first lines of defense in identifying child abuse, yet the statistics institutions and philanthropy directed at their work will not be found in the “Social Services” category of Giving USA.

Second, even if definitional problems could be solved, sorting out the role of Catholic institutions is nearly impossible. There is no professional or institutional association for Catholic social services institutions akin to that for education or hospitals. Hence, there is no regular data collection nor membership structure. Moreover, social services can be provided by institutions belonging to religious orders, and therefore there is no required reporting for Form 990 purposes.

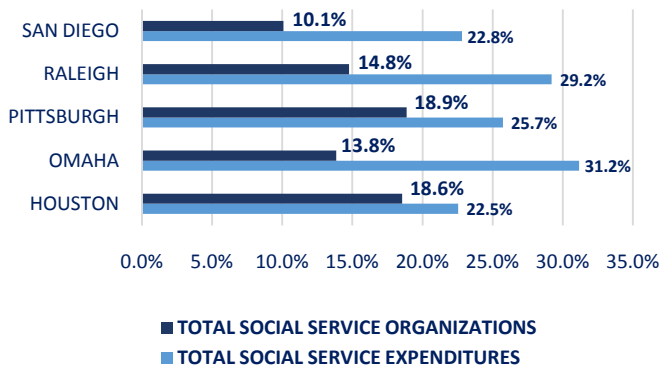
Who would serve the 43 million American’s living in poverty if it wasn’t for the care and dedication of Catholic organizations?

How do we then benchmark the trends in the sector? The best place to begin is with Catholic Charities USA, #13 on the Forbes list of the 50 largest U.S. charities. Catholic Charities USA is the national office of more than 160 local charities and programs in all dioceses and archdioceses of the nation. Together, these programs annually reach 8.7 million Americans in poverty and personal crisis. The estimate is that there are 43 million Americans living in poverty, implying that Catholic institutions serve two of every five Americans in poverty.

In terms of revenue, Catholic Charities USA reported \$4.34 billion in 2013. Nearly two-thirds of this sum came in the form of government support, up from 25% in the 1960s, reflecting government’s increased emphasis on partnership with private nonprofit service providers. Only about 18% of revenue was from private charitable contributions. Clearly, Catholic Charities USA plays a central role in public support for the nation’s underprivileged. Fifty-seven government agencies are now contracted to reach those living in poverty through Catholic Charities USA.

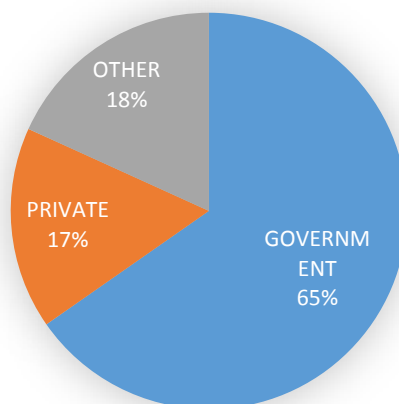
Beyond these specific diocesan/archdiocesan efforts, Catholic religious orders often have dedicated programs focused on poverty, such as the Society of St. Edmund and its Edmundite Missions program in the deep South of the United States, which serves over 1,000 meals a week to those in need and hungry in Selma, Alabama. Other Catholic social services agencies focus their efforts on families, such as Good Shepherd Services in New York City, with its foster care and homeless programs. As with Catholic Charities USA, many (but not all) of these programs are funded with a combination of government program payments and private philanthropy.

% OF FAITH-BASED ORGANIZATIONS & EXPENDITURES OF ALL SOCIAL SERVICE ORGANIZATIONS 2012



Source: Raw data for sample taken from NCCS, 2014. Analysis by Changing Our World.

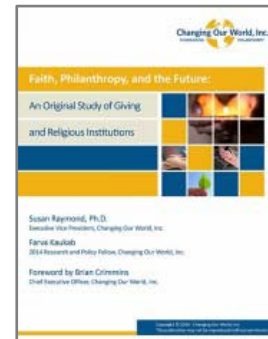
DISTRIBUTION OF CATHOLIC CHARITIES 2013 REVENUE



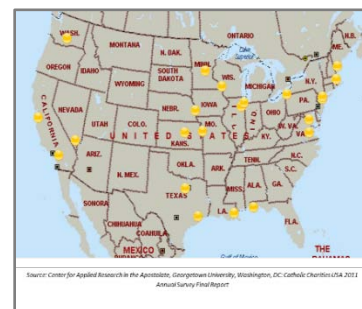
Source: Catholic Charities

GIVING TRENDS AT CATHOLIC SOCIAL SERVICES ORGANIZATIONS

In 2014, Changing Our World, in collaboration with its 2014 Fellow in Religious Giving, conducted a survey of faith-based nonprofits in social services in five cities, Houston, Raleigh, San Diego, Pittsburgh and Omaha. The objective was to assess the position of faith within the social services community, and the implications for giving. The study focused on organizations with \$75,000 or more in revenue. As demonstrated on the graph on page 14, the study demonstrated that faith-based agencies account for a larger portion of dollars spent on social services than would be expected from their relative presence in the nonprofit market. Moreover, in these five locations, the faith-based agencies raised about a quarter of a billion dollars per year in philanthropy. If we apply the sample structure to the total nonprofit structure in social services, Changing Our World estimates that faith-based social services organizations raise about \$9 billion annually in private contributions. While this is not limited to Catholic organizations, it does give a sense of scale and scope.



There are many innovations in social services and social finance creating new revenue resilience and sustainability in the social sector. For example, nearly two dozen Catholic Charities around the country are using social enterprise concepts to combine job training and work experience for the underprivileged with the creation and marketing of related products and services to enhance revenue sustainability. Homeboy Industries in Los Angeles, created by Fr. Gregory Boyle to address gang formation, now trains 300 young men and women annually and prepares them for productive lives. These innovations are not only extending the reach and capacity of Catholic agencies in addressing social problems, they are providing philanthropists, particularly young venture philanthropists, with new opportunities to support both service to the poor and institutional sustainability.



IMPLICATIONS FOR DEVELOPMENT

The Catholic social services network in the United States is the largest faith-based service network in the nation. Catholic institutions serve entire communities, regardless of religion. The face of poverty alleviation in America is a Catholic face.

There is a need in the Catholic community to create a mechanism that can reach across all types of Catholic institutions that are focused on poverty alleviation and social services, and knit them together as both a professional group and as a learning group. While Catholic Charities USA plays this important role for the Catholic charities system, there is not a deeper center around which to orbit all manner of Catholic social services and experience. There is also no nation-wide “roll up” of service data to provide a national service picture. This associative function would also provide a mechanism for fundraising and for philanthropists to have a full and complete view of the span and depth of the Catholic role in community problem-solving in the nation.

The ability to articulate system-wide statistics and a return on investment is increasingly more important in fundraising. New generations of donors have been “trained” by the marketplace to expect immediate results and assess every dimension of a purchase or investment and compare alternatives instantly. When it comes to charitable donations, why should their expectations be different? Nonprofits that can provide comprehensive and easily accessible pictures of their performance will occupy pride of place in donors’ perceptions.

WHAT YOU CAN DO

The role of fundraisers is to act as the translators between funders and programs, helping program officers understand the views of funders and helping funders understand the objectives of programs. In an era of emphasis on impact relative to exceedingly complex and long-term problems, fundraisers face a huge opportunity – to become leaders of innovation, providing an intellectual bridge between funds and programs, helping to craft creative solutions to match funder expectations with the realities of program complexity. This translational and innovator role is increasingly needed, and a fundraising professional that understands not only the tactics and strategies of fundraising, but the intricacies of social finance, social entrepreneurship, and performance assessment, can help negotiate productive and lasting relationships between new donors and programs in those terms.

ARTICULATE YOUR VALUE

Catholic foundations are increasingly looking for a return on their investment. They are looking not simply to make grants to Catholic causes, but to see solutions and sustainability. This means that fundraisers need to build closer relationships with human service program officers. They must communicate to program officers the viewpoints of major funders and, in a collaborative fashion, help to build a bridge between program decision-makers and funders.

REACH BEYOND THE CATHOLIC COMMUNITY

The focus for fundraising and leadership development for Catholic social services nonprofits should truly be community wide, not just within the Catholic community. This includes corporate partnership and support. The work of Catholic institutions is the base of social solutions for entire communities, and development strategy should reflect that scale.

CONSIDER PARTNERSHIPS TO INCREASE SCALE & IMPACT

The new relationship between Catholic Charities USA and the University of Notre Dame is an important precedent to help understand impact and improve advocacy. Equivalent partnerships between Catholic Charities in dioceses and archdioceses, or between other types of Catholic service organizations and academic institutions could help bolster the case for support by demonstrating independently assessed results.

UNDERSTANDING & EMBRACING THE CHANGING HEALTH CARE LANDSCAPE

Health care is in the throes of significant change driven by the Affordable Care Act and the changes in service and funding structures that ensue. Catholic hospitals account for 12% of the nation’s hospital infrastructure, and in 22 states they account for at least 20% of hospital admissions. In eight states, Catholic hospitals account for 30% or more of admissions, as shown by this map from the Catholic Health Association of the United States.

Each year, the nation’s 630 Catholic hospitals (with 120,000 beds) admit 5.2 million patients and accommodate 20 million emergency room visits and 102 million outpatient visits. These are some of the largest systems in the nation. Indeed, six of the nation’s ten largest health systems are Catholic.

The largest, Ascension Health headquartered in St. Louis, operates 131 acute care hospitals and 30 senior care facilities in 23 states and the District of Columbia. It delivers more than \$1.8 billion in care to persons living in poverty including \$600 million in charity care. The mission of Catholic health care is a mission of community service.

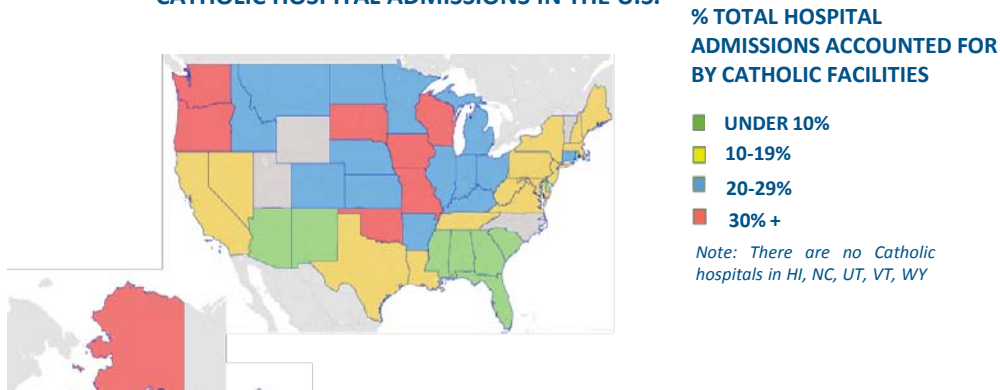
According to the American Hospital Association’s annual survey, Catholic health care is also more likely to provide services that focus on community health and prevention than their public or private secular counterparts. For example, 78% of Catholic hospitals provide community outreach programs compared to 60% of government facilities and just over 30% of for-profit facilities.

The Catholic system is unique in many ways, not least in its rural reach. In a time of health care facility consolidation and cutbacks, a third of Catholic hospitals are located in rural areas, as are 21% of continuing care ministries. In many areas, these are the only health care options for those living in poverty. Indeed, rural America tends to be poorer (rural incomes are on average \$7,000 less than urban incomes) and nearly a quarter of rural children live in poverty. Nearly a third of the nation’s food stamp recipients live in rural areas, and smoking, substance abuse and obesity rates tend to be higher at younger ages. Catholic health care reaches this rural need.

Catholic urban hospitals tend to be “safety net” facilities, serving a large percentage of those living in poverty and uninsured. A survey conducted by the Catholic Health Association prior to the Affordable Care Act indicated that between 64% and 86% of Catholic hospital patients were uninsured or relied on government payment mechanisms.

The complexity of health care and reimbursement reforms have created significant consolidation and mergers in the health care arena. Indeed, today 60% of U.S. community hospitals are part of larger health care systems. In the last decade there have been 694 hospital merger and acquisition deals involving 1,688 hospitals. Catholic facilities are no exception, with continued mergers and consolidations to achieve business viability.

CATHOLIC HOSPITAL ADMISSIONS IN THE U.S.



Source: Catholic Health Association of the United States

IMPLICATIONS FOR DEVELOPMENT

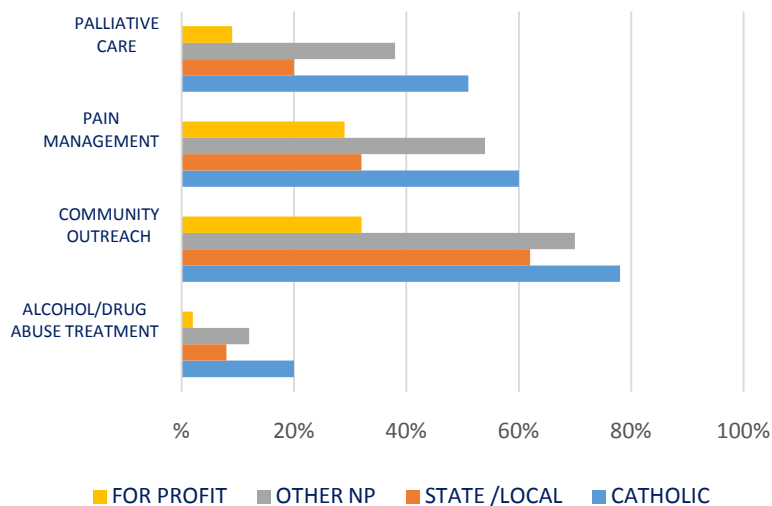
While Catholic health care continues to be a critical part of the overall national health system, Catholic institutions and systems must increasingly be part of large business structures to survive. This creates a need to be both viable at scale yet continue to be responsive at the community level. For fundraising, this local identity is an important part of alignment and loyalty, even as it is scale that enables the health care business.

Moreover, the “Catholic” nature of facilities has long been changing. Recently, Dignity Health, formerly Catholic Healthcare West, shed both hospitals and its formal relationship with the Church. As they have grown and consolidated, and as sponsoring religious communities have declined in numbers, most health systems are lay-managed. In response, there are multiple strategies to retain the mission and charism of the sponsoring religious order. For the fundraiser, retaining the Catholic identity of health care institutions for Catholic constituencies is critical. Yet, broadening that identity and the impact of the organization is also critical to increasing the scope of potential constituencies.

The changes inherent in the Affordable Care Act create challenges for all nonprofit health systems, and Catholic systems are no exception. Community impact and need statements that were premised on the burden of uncompensated care and the need for philanthropy to enable health access in a community now must be re-thought as public policy requires insurance. An estimated 16.5M Americans are newly insured. How this new approach to insurance will ultimately evolve is unclear, but, for the immediate future, the argument that philanthropy is needed to ensure access for the uninsured and keep health care institutions viable appears to be in danger.

Finally, and on a related level, the importance of scale matters in maintaining viable health care institutions. Health care has become big business, and must be large in order to be financial sustainable. Articulating philanthropic need when the scale of operations and the scale of revenues is so large represents a communications challenge for fundraising.

HOSPITALS OFFERING SPECIALTY SERVICES



Source: American Hospital Association

WHAT YOU CAN DO

There are still, and for any successful health institution there will always be, grateful patients. But the implications of change in American health care suggest that fundraisers need to consider added approaches.

INNOVATE

Innovation is critical as the nature of insurance and uncompensated care affects the community case for support. We must revisit the purpose of philanthropy in Catholic health care, and refresh the way in which it can bring a value proposition to the viability of Catholic health systems. Philanthropy is not just money. It is a demonstration of the value communities see in the institutions that serve their needs. Faced with a changing health system, Catholic health fundraising must develop entirely new ways for philanthropy to intersect not just with clinical care, but with the entire spectrum of community health. It must find new strategies to make donated dollars and perceived health care benefits come together in robust and sustaining ways.

CONNECT FUNDRAISING & COMMUNICATIONS

Fundraising in Catholic health care must work exceedingly closely with communications. In a world of scale, where community identity must be retained even as systems grow, the perceptions of community must be constantly assessed and understood. The tools and techniques of communications and marketing must become part and parcel of fundraising to inform strategy and tactics.

EMBRACE COMPLEXITY

As systems grow, the management of fundraising will become more complex. Perhaps a good model to emulate is higher education, where development is centrally managed, but still embedded in individual academic schools or institutes. This ensures that the overall branding and systems are consistent, but allows each specific school to connect directly with funders on the issues and in the manner that makes most sense for their constituents. Large health care systems must oversee the scope and scale of the brand and business operations, but allow the local facilities to manage fundraising within their communities and directly with their funders. For philanthropy to remain vital in Catholic health care, this mastery of the complexity of local loyalty within regional or even national scope will be a critical element of strategy.



INNOVATION FOCUSED ON SOLVING HEALTH ISSUES

Genesis Health System is a critical provider of care to the Quad Cities region in Iowa and Illinois and recently expanded through a process of hospital partnership and acquisition. With the assistance of Changing Our World, Genesis Philanthropy was created to connect existing hospital foundations. This innovative philanthropic structure not only supports local facility needs, but more importantly, concentrates on the prevention and early diagnosis of the region's most critical health needs. As these are community based issues, Genesis Philanthropy also taps local community resources to assist in program execution.

Genesis Philanthropy's programs have been so successful that the health system itself is now joining private philanthropists in flowing funds into the population health work of the foundation. Donors can see that their investment is part of a larger effort to solve local problems. Now the program's innovative health solutions are philanthropically viable.

GIVING TRENDS AT CATHOLIC RELIEF AND DEVELOPMENT ORGANIZATIONS

As with Catholic social services, it is hard to grasp the size and scope of U.S. Catholic institutions engaged in global relief and development programs. Catholic Relief Services is the largest, but a myriad of other organizations also have global reach. Parishes themselves often have relationships with Catholic parishes in poor countries, and flow both resources and volunteers abroad. Similar to social services organizations, this Catholic service function does not have an association or a central “plug in” point to which all institutions can belong and pool experiences and data. We can, however, take five lenses to this sector and thereby gain a relatively representative view of the scope and scale of Catholic effort.

U.S. CATHOLIC RELIGIOUS COMMUNITIES GLOBAL REACH



Note: Each marker represents the presence of one U.S. Catholic religious community and does not reflect the exact in-country location

First, the two largest Catholic relief institutions in the U.S., Catholic Relief Services and the Catholic Medical Mission Board, represent more than \$1 billion in revenue of which about \$600 million is from private philanthropic sources. This philanthropy has grown by 30% in only the last three years, a testimony to the work of the organizations and the growing interest of donors in international relief and development programs.

Second, Catholic religious communities, headquartered in the U.S. or in Europe, are present in every developing country. This presence is increasingly indigenous. Vowed communities with headquarters in Europe or the U.S. find their local religious are native to the nations in which they serve, and new religious orders are being created in those nations. The span of services covers every possible aspect of human needs. Moreover, Catholic religious communities are also present at the United Nations in a development advocacy role. Several dozen U.S.-based Catholic religious communities are registered as Non-Governmental Organizations and have representatives at the Economic and Social Council (ECOSOC) of the UN, and collaborate in their advocacy through Religious at the UN (RUN). They act to bring country service experience to UN deliberations and also to bring individuals who they serve to provide actual voices of poverty to UN meetings.

Third, we can look at Catholic institutions registered as private voluntary organizations with the U.S. Agency for International Development. A 2014 original study by Changing Our World found that faith-based relief and development nonprofits were more dependent on private philanthropy than their secular peers. While Catholic global development nonprofits do, in fact, benefit from public funds dedicated to development, philanthropy is an extremely critical element of their continued operations and sustainability.

Fourth, Catholic institutions from other sectors are also to be found in the relief and development space. Universities have partnerships in Latin American, Africa and Asia for education and research. Catholic health care systems have partnership and donations programs with health care institutions in poor countries. Catholic lay volunteer systems associated with religious communities have long-standing service arrangements with development organizations, especially in Africa and Latin America.

Fifth, many parishes have formal partnerships with parishes or organizations in the developing world, and send volunteers and funds in support of their needs. Laetare Sunday (the fourth Sunday in Lent) is the national collection in parishes for Catholic Relief Services. This collection is taken up during Mass and is clearly part of the faith experience, but the recipient organization and purpose is for relief and development. Similarly, Operation Rice Bowl, a Lenten program for hunger, is also operated through parishes for CRS; 75% of its contributions is for global relief and 25% is allocated to the community of the parish. These two programs, conducted within the parish community, raise about \$18 million per year for relief and development.

IMPLICATIONS FOR DEVELOPMENT

Catholic institutions are the backbone of global development, and Catholic religious are the largest, most diverse network of service providers in many, many needy nations of the world. This reality is rarely acknowledged in global development.

Geographic scope and breadth of service offerings provide unparalleled assets for global development. Those characteristics are of equal merit in philanthropy, allowing organizations to find specific donor alignment from among a myriad of actions. Yet, scope can cut both ways. When an organization is involved in everything, it may be difficult to articulate a unique focus, a specific area of expertise or knowledge that appeals to donors who are increasingly interested in the specifics of a particular passion or area of commitment.

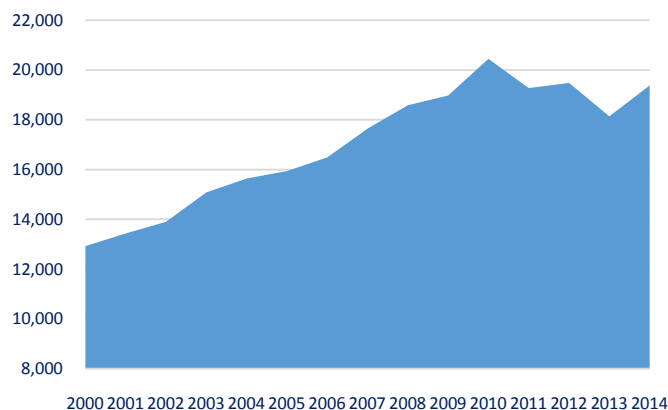
When it comes to calculating or articulating results, time is also not necessarily a philanthropic friend. Decades are needed to see change, and the sustainability of change comes not with single actions but with the accumulation of actions from a large number of actors, public and private. This is a problem for all relief and development agencies including Catholic organizations.

“On our donor survey from 2010, overall people ranked ‘giving to the poorest of the poor’ as the third most important reason for giving to our organization. Overall, the survey demonstrated that giving resonates with a progressive approach to international relief and development. People are giving because of the values that are closely associated with Catholicism. We are able to maintain our core Catholic donors through strong Catholic messaging. Not only has our donor base been maintained, but in fact it is growing. More recently, we have really tapped into and raised up the messaging of Pope Francis and his theology of preference for the poor.”

- Study interviewee from a Catholic global development organization

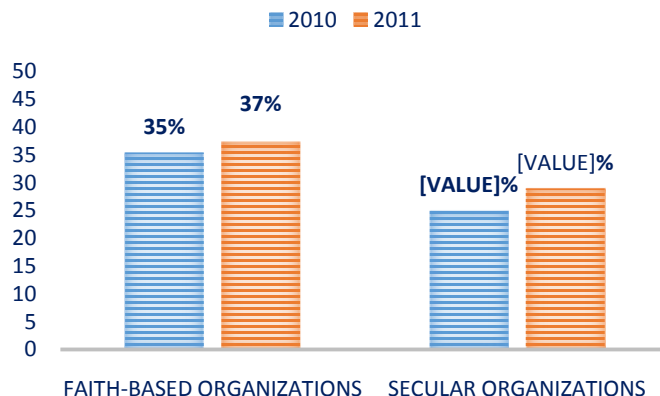
“Faith, Philanthropy, and the Future: An Original Study of Giving and Religious Institutions,” Changing Our World 2014 Fellowship Report. (<https://www.changingourworld.com/publications/faith-philanthropy-and-the-future>)

NUMBER OF REGISTERED NONPROFITS WITH INTERNATIONAL FOCUS



Source: National Center for Charitable Statistics

REVENUE FROM PRIVATE PHILANTHROPY



Source: Raw data from NCCS sample. Analysis by Changing Our World

WHAT YOU CAN DO

DISTINGUISH YOURSELF

The competition for resources is intense. In the last 15 years, the number of nonprofits focused on international issues has increased by 80%. Therefore, the need to distinguish or position oneself in the market has never been stronger. While it is important to paint a broad picture of the reach of the organization, it is vital to communicate the impact you are making to change the lives of those you are reaching. As mentioned earlier, corporate marketing has changed how people process results and nonprofit organizations must adapt their practices in order to capture funders' attention and ultimately their dollars.

REACH BEYOND CATHOLIC FUNDERS

Catholic organizations are a fundamental and significant part of helping the world's underprivileged, irrespective of their religion. Therefore, Catholic institutions should look beyond Catholic funders and articulate the totality of their importance in meeting global development needs.

DOCUMENT RESULTS

As in all other areas of philanthropy, the importance of results is paramount. Catholic fundraisers need to work closely with program directors to identify and articulate results. This element of the case for support is obviously more challenging to articulate in ongoing global development efforts than it is, for example, in responding to critical human needs in a crisis of the moment (e.g., Syrian refugees). Fundraisers need to forge deep and collaborative relationships with program officers to ensure that the drive for results among philanthropists is satisfied, especially if the funding network is to be expanded beyond Catholic philanthropists whose loyalty may be purely faith-based. An expansion of the scope of supporters will require an expansion of the evidence that philanthropic support produces results.

CHANGING OUR WORLD: DEDICATED TO THE CATHOLIC COMMUNITY

Our deep belief and understanding of Catholic stewardship, together with our broad experience, seasoned executives, strategic partnerships, and innovative approach to designing and implementing philanthropic initiatives, inspire our passion to serve the Church by assisting Catholic nonprofits in achieving their philanthropic goals. Across our service areas – Fundraising, Corporate Social Engagement, Research and Analytics, and Digital – everything we do is grounded in a true understanding of our clients’ faith, challenges and opportunities.

EXPERTISE & SERVICES

Changing Our World is the partner of choice for Catholic archdioceses, dioceses, parishes, schools and other Catholic organizations nationwide. We provide a comprehensive and integrated range of service offerings.

Changing Our World is a philanthropy firm that knows management, and a management firm that knows philanthropy.



CLIENTS

Changing Our World has been committed to working with Catholic organizations since our founding. Our clients include a robust and well-respected set of Catholic institutions.

750+	Catholic Parishes
450+	Catholic Elementary Schools
35+	Catholic Secondary & Higher Education Institutions
25+	Archdioceses & Dioceses

Clients who have benefitted from Changing Our World’s counsel include:

- Archdiocese of Boston
- Archdiocese of New York
- Archdiocese of St. Louis
- Diocese of Albany
- Diocese of Alexandria
- Diocese of Brooklyn
- Diocese of Dallas
- Diocese of Peoria
- Diocese of Portland
- Diocese of Rockville Centre
- Diocese of Syracuse
- Diocese of Trenton

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