Charities 'are really feeling the pinch'

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By Jessica Durando, USA TODAY

Charities, which are seeing a greater demand for services in a down economy, are relying heavily on holiday giving this year.

"It's our crucial time," says Maj. George Hood of the Salvation Army. "If our Christmas is down, we've got a lot to be worried about."

Nearly three in four people say they plan to give more or about the same to charities this holiday season, according to an American Red Cross survey. Top charities expect increases to be small.

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"Charities are really feeling the pinch," says Maj. John Turner of the Salvation Army's Eastern Michigan branch. "We have people coming to us for assistance that used to be donors."

Nearly six in 10 say the economy makes it more important to give this year, according to the Red Cross survey, which sampled 1,005 adults Oct. 21-24.

Even so, 23% say they will reduce the amount they'll give during the holidays. "It's good news and bad news," says Neal Litvack, chief development officer of the Red Cross. "It reinforces the fact that we are going to continue to have a challenging fundraising year."

Donations to 400 of the nation's biggest charities are expected to increase by a median of 1% by the end of 2010, according to a Chronicle of Philanthropy survey of organizations that raise the most from private sources. Contributions fell by 11% last year, the worst decline in two decades,
"It will be better than the previous two seasons, but I don't think overall it will be a great year," says Stacy Palmer, editor of The Chronicle of Philanthropy. "There are just too many people who are suffering from this bad economy."

Charities typically take longer than other parts of the economy to rebound from a recession, Palmer says. Annual giving to the Salvation Army has been flat since 2008, but the non-profit group has seen increased support by donors in the holiday months, Hood says. The group's iconic red kettles raised $130 million in 2008 and $139 million in 2009. "We saw a $9 million growth in the middle of a recession," says Hood, the community relations secretary. "If we have a robust Christmas, that will be very instrumental in helping us move into 2011. If not, there will have to be cutbacks."

John Havens of Boston College expects a 2% to 4% increase in giving this holiday season compared with last year. "Even though people have a feeling of caring for others and want to donate, they are donating less because they often have less certain prospects of what their financial resources will be in the future," says Havens, associate director for the Center on Wealth and Philanthropy.

Charities such as the American Red Cross have tightened their belts. The non-profit group eliminated its $209 million deficit over the past two years by cutting staff, suspending merit pay increases and streamlining operations.

The Eastern Michigan branch of the Salvation Army closed the Brightmoor Corps Community Center in Detroit, one of its 14 facilities, to lower costs in June. The need for services climbed by 60% from 2007-2009, Turner says. More residents of Detroit are lining up for meals from Salvation Army vans.

Bill Russell, executive director of the Union Gospel Mission in Portland, Ore., has also seen an increase in demand for services. The group doled out 11,802 meals in October compared with 7,133 meals in the same month in 2009. The mission typically receives more than half of its cash contributions over the holiday season. Last year, the average gift amount went down, but gifts were more numerous, he says.

Robin Ganzert, CEO of the American Humane Association, says the holiday season is an important time for the charity, but she is not sure how giving will translate this year. "People who are worried about their own situation at home are less inclined to give. That's just life," Ganzert says.