DIRECT MARKETING FUNDRAISERS ASSOCIATION

SPRING 2024 NEWSLETTER

Overcoming 2024's Fundraising Challenges

Roger Hiyama, Wiland

Nonprofit fundraising's core performance indicators reveal a lot about the current state our industry—and what they have to say is concerning. According to the 2022 Giving USA Report, **overall giving** declined 3.4% from 2021 to 2022 in current dollars and 10.4% in inflation-adjusted terms. **Giving by individuals** declined 6.4% from 2021 to 2022 in current dollars and 13.4% in inflation-adjusted terms. And **total giving** dropped to 1.9% of GDP in 2022 after reaching a 40-year high of 2.3% in 2020.

In this challenging giving environment, you need to focus on two key metrics: your **0-to-12 month active donor count** and your **ongoing coverage ratio**, which compares the number of new-to-file plus reactivated donors to the number of donors lost due to attrition.

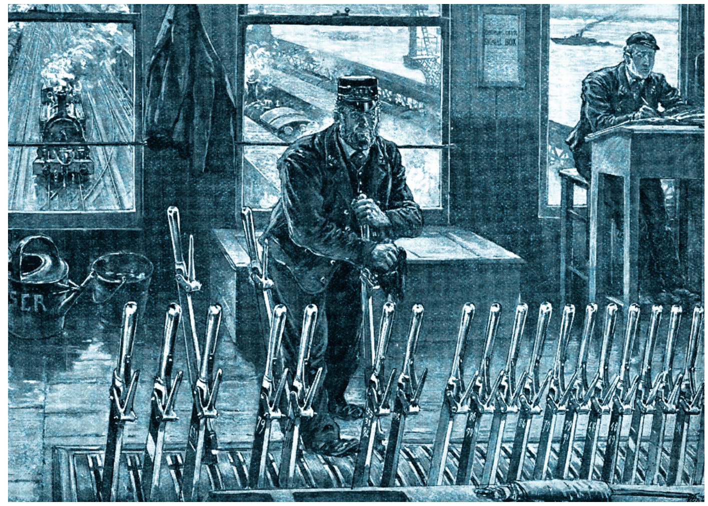
$$\text{Coverage Ratio} = \frac{(\text{\# of New to File} + \text{\# of Reactivated Donors})}{\text{\# of Donors Lost to Attrition}}$$

A coverage ratio of 1.0 indicates no change, while a ratio greater than 1.0 indicates file growth and less than 1.0 indicates a loss of active donors.

Since the COVID boom went bust, active donor files have been shrinking. A recent analysis of 28 mid-to-large size nonprofits by Britt Vatne of Adstra Nonprofit found that active donor files shrank by an average of 26% over the past two years—down 13% from 2023 vs. 2022 and 14% from 2024 vs. 2023. It's the old "leaky bucket" problem—a 14% drop from 2024 vs. 2023 represents a coverage ratio of .86. Starting 2024 like this will make it nearly impossible to match 2023 revenues, with further erosion likely unless coverage ratios are quickly fixed.

There are many factors impacting fundraising today, but three of them are particularly revealing.

1. **Changes in consumer attitudes.** The perception of what "fundraising" means has shifted. Endless cash register "round up" requests, GoFundMe campaigns, and canvassing are competing with traditional fundraising. It is also likely that highly publicized "mega donor" giving has made lower-dollar donors question the impact of their giving.
2. **Economic trends.** While inflation has abated since 2022, its lasting impacts include higher interest rates, housing costs, and food prices. These trends have combined to reduce giving by older and lower-dollar donors.
3. **Rising cost structures.** Paper, production, and postage rate increases have reduced nonprofits' buying power by about 30% since 2022, while marketing budgets have either remained flat or been slightly reduced.



There are a few levers that can be pulled to reverse these trends and improve net fundraising revenues: mail volume, response rate, gift frequency and amount, retention and conversion rates, plus recapture rates on the income side, and promotion frequency and package and media costs on the cost side.

With these levers in mind, here are five crucial strategies every nonprofit should consider in 2024:

1. **Fix your coverage ratio problem.** Focus your efforts on donor retention and reactivation. A reactivated donor is worth 25-30% more than a new donor because their conversion rates and average gifts are usually higher. Of course, you should also focus on adding new high-LTV donors as resources permit.
2. **Increase monthly giving and sustainer efforts.** Organizations with strong sustainer programs have weathered the recent downturn better than those without them.
3. **Optimize your expense budget.** Look at AI-based optimization modeling to eliminate marketing waste by finding names that just should not be mailed.
4. **Fine tune promotion frequency.** Modify your promotions based on the value of the audience. Reducing frequency to seasonal donors and certain lower-value segments will free up budget to improve your coverage ratio.
5. **Seek new strategic acquisition funding** from your leadership. Make a strong case that growth won't come without it.

The struggle is real, but by implementing the strategies above using the right data and the best AI-enabled analytics, 2024's fundraising challenging trends can be overcome.

Message *from* *the* President

Dear Friends and Fellow DMFA Members,

I hope this newsletter finds you well and you are enjoying the longer days of sunlight.

As we dive into the content of this spring issue, I would like to congratulate our 2023 Marketer of the Year, Alicia Meulensteen, Director of Supporter Marketing for the **American Civil Liberties Union**. Alicia's significant contributions to the industry made her an obvious choice for this well-deserved award.

As part of our continued commitment to our Diversity, Inclusion and Systemic Change pledge, the DMFA hosted a networking opportunity ahead of the performance of *The Ally* at The Public Theater in NYC on March 13th. The performance was thought-provoking and powerful. The DMFA is committed to offering our members similar opportunities in the future to think about and discuss topics that impact us locally and globally.

With this issue of the newsletter focused on metrics and benchmarks, the enclosed articles highlight actionable ways to utilize your data to best navigate the current fundraising landscape.

I urge you to take special notice of the article titled *The Patchwork Quilt of State Privacy Laws Continues to Expand … No Relief in Sight!* by Mark Micali, Vice President, Government Affairs, **The Nonprofit Alliance**, which provides insight on which states to watch, as more states enact their privacy statutes. The DMFA will continue to partner with the TNPA to ensure that our members stay informed as additional information unfolds.

With the final months of our program year fast approaching, I want to highlight two exciting events:

- We will be hosting our second Mid-Level Giving Benchmarking Summit May 6-7, in Hyattsville, MD, where more than forty organizations will gather to discuss mid-level trends and insights.
- The DMFA will be holding our signature event, the DMFA Awards Celebration and Annual Membership Meeting on June 6 at Club 101 in NYC, followed by our Member Appreciation event. I hope you can join us as we recognize some of this year's best campaigns.

Best,

Kristen Shank Finn
President, DMFA

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Interested in joining the DMFA? Log on to www.dmfa.org or call 646-675-7314.

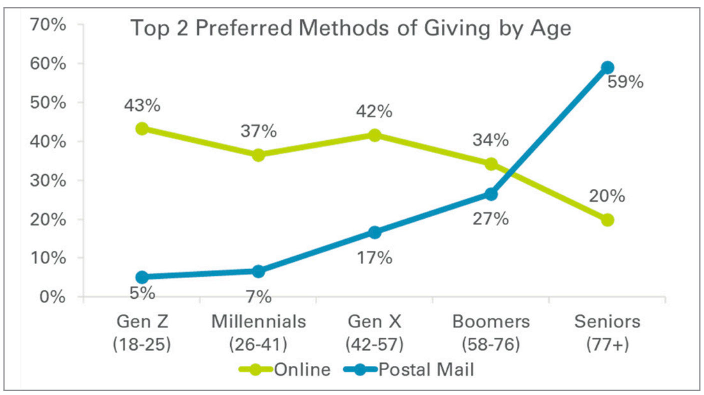
Attribution for Optimizing Channel Spend

Lori Collins, TrueSense Marketing

Today's marketing is growing in channel complexity, and the drivers of human behavior are increasingly muddled. As a result, marketing attribution is receiving a lot of attention. Attribution is the science of assigning credit or allocating dollars from a conversion to the marketing touchpoints that a customer was exposed to prior to the conversion. In the application of fundraising, "conversion" is most often "donating."

According to the longitudinal annual tracking study DonorGraphics, a pivotal shift in giving occurred a decade ago when, on average, more donors preferred to give online than through the mail. In 2023, the pivot point age is 62. This means that, in general, donors older than age 62 prefer to give through the mail, while donors younger than that typically prefer to give online. Attribution analyses help to quantify changing donor preferences to ensure our strategies are keeping pace.

There are multiple types of attribution, each with their own level of complexity, cost, and application. A critical question to ask to guide the investment of time and resources is: How will I use this data in adjusting my channel strategies? Most marketers believe attribution will inform an optimal budget allocation between channels for an improved return on investment; this noble goal requires more than a singular statistic of influence.



Source: TrueSense Marketing's 2023 DonorGraphics study. Base: U.S. charitable donors, n=1,196.

Attribution Types

Direct attribution is of course the easiest and most accurate but has been shrinking with the proliferation of ways to give. In direct attribution, credit for a gift might go to "direct mail" in the case of a paper remit device or a dedicated landing page shown on the mail piece.

It's important to differentiate the **marketing channel** vs. the **response channel**, as these two are often conflated. If someone gives a gift online as a result of a radiothon they heard on their daily commute, the marketing channel is radio, and the response channel is online. In this case, attribution comes into play, because it's not (currently) possible to give through the radio.

Simple attribution was more commonly used a decade ago and included first- or last-touch credit. As its name suggests, it's easy, though lacking in the acknowledgment of integrated, multichannel communications.

Advanced and multi-touch attribution (MTA) became more common, with custom business rules or algorithms that assigned fractional credit to the marketing touchpoints in a donor journey based on their proximity to the gift, attribution windows, or data-driven weights.

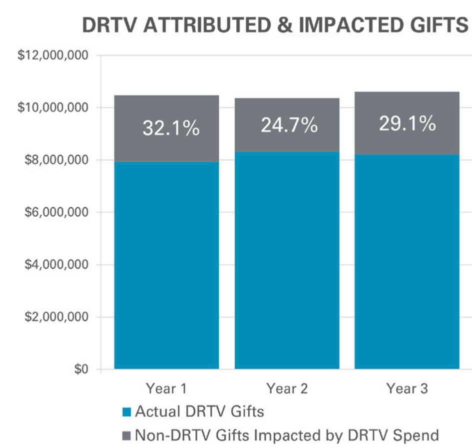
Bottom-up methods like MTA are helpful in quantifying the impact of marketing channels on behavior, but their complexity and higher levels of required technology integration mean that they are best suited to larger media budgets. There will likely be limitations from the death of third-party cookies, along with limited knowledge on the full picture of touchpoints. Indirect forms of marketing (including TV and radio) can be invisible with a lack of data.

For those interested in a forward-looking view of marketing effectiveness to inform the ideal channel mix, **media (or marketing) mix modeling** (MMM) takes a different, top-down approach.

Media Mix Modeling

Rather than looking at addressable channels and donor-level behavioral data, MMM looks at the relationship between spend and solicitations by channel with revenue. It quantifies marketing performance based on past results and is therefore a viable solution for organizations with several years of history in a given channel.

The graph below shows the relationship between Direct Response television (DRTV) spend and direct plus indirect revenue for a large national organization. The model showed that DRTV drives an additional 29% of revenue on top of the directly attributed revenue.



MMM can also be used to predict future revenue based on spend by marketing channel. This optimization is typically the intent behind most attribution exercises. The level of investment to create this model is higher compared to simple attribution methods but lower than a tech-heavy MTA approach. Because it can be applied to improving cost efficiencies, it has the potential for generating a return on investment.

The ideal state for larger and more analytically savvy organizations would be to have both bottom-up insights for channel optimization and top-down insights for strategic planning and budget allocation. For many organizations on a budget, media mix modeling might be the next step in their attribution journey.

Beyond the Mailbox: Redefining Success in the Multi-Touchpoint Fundraising Landscape

Bruce Hammer, Path2Response

For seasoned nonprofit marketers, the landscape of direct mail has irrevocably shifted. Today, a dynamic ecosystem of fundraising channels demands a nuanced understanding of success, measured not just by dollars in the mailbox but by the intricate dance of multi-touchpoint engagement.

Redefining the Metrics of Success

In this new environment, attributing a donation solely to one channel feels as antiquated as a rotary phone. The reality is a donor's journey is often paved with multiple interactions—a website visit, a direct mail piece, a social media post, a volunteer event—before culminating in a gift. So, how do we define and measure success in this complex ecosystem?

Staying focused on the right KPIs, their context, and benchmarks can help.

The Power of KPIs and Benchmarks

While defining and prioritizing KPIs, context is important. We are seeing many organizations move to a 10-year view to get a good feel for Pre-pandemic, pandemic, and current trends.

- Benchmarking: Each category will help you get your footing and see how you're doing compared to others. While industry averages provide a helpful starting point, remember that your unique donor base and fundraising goals will dictate your ideal benchmarks. Regularly track your progress against these benchmarks and adjust your strategies as needed.
- Multi-Touch Attribution Model: Move beyond single-touch attribution and embrace models that account for the cumulative influence of various touchpoints. This provides a more accurate picture of your campaign's effectiveness. Set up a few full communication strategies encompassing each touchpoint and test them against each other rather than a more siloed, channel-by-channel attribution model.
- Engagement Rates: Track how your audience interacts with your content across channels. Open rates for emails, click-through rates for social media posts, and RSVPs for events all paint a vivid picture of donor engagement.
- Donor Retention: It's far more cost-effective to retain existing donors than acquire new ones. Monitor donor retention rates and implement strategies to nurture relationships and encourage repeat giving. Co-operative databases are huge here as they can help you communicate with donors that are currently giving elsewhere but no longer to your organization.

Data-Driven Storytelling: Weaving the Threads of Success

Metrics, however crucial, are mere numbers without context. The true magic lies in weaving them into a compelling narrative—the story of your programmatic trajectory. Here's how:

- Visualize the Donor Journey: Utilize journey mapping tools to depict the various touchpoints donors encounter, highlighting the interactions that lead to conversions. This visual representation brings your data to life and fosters team alignment.
- Highlight Cross-Channel Synergies: Show how different channels work together to amplify your message and drive engagement. For instance, demonstrate how a social media campaign drives traffic to a landing page, ultimately leading to increased direct mail response rates.
- Quantify the Impact of Storytelling: Don't underestimate the power of emotional connection. Track the impact of your storytelling efforts, such as video testimonials or donor impact reports, on key metrics like conversion rates and average gift size.

By embracing a multi-faceted approach to success, leveraging data-driven insights, and weaving a compelling narrative, you can confidently navigate the ever-evolving fundraising landscape. Remember, in the age of multi-touchpoint engagement, it's not about the loudest voice but the most meaningful conversation.

Additional Tips

- Invest in Data Analysis Tools: Utilize platforms that consolidate data from various channels, providing a holistic view of your campaign performance.
- Experiment and Iterate: Don't be afraid to test new channels and messaging approaches. Continuously analyze your results and adapt your strategies based on what resonates with your audience.
- Foster Collaboration: Break down silos between fundraising, marketing, and data analysis teams. Shared insights and cross-functional collaboration are essential for success.

By embracing these strategies, you can ensure that your marketing efforts reach the right audience and tell a powerful story that inspires meaningful action. And in the end, that's the true measure of success in the age of the multi-touchpoint donor.

Defining—and Productively Questioning—Fundraising Success

Lisa Greene, Data Axle

Today's donor journey is anything but linear, with multiple touchpoints along the way and an ever-evolving landscape of new tools and technology for fundraisers to contend with. **So, how can nonprofits measure progress and utilize data-driven strategies in this dynamic environment?** Perhaps just as important: **are we appropriately interrogating our measurement strategy, metrics choices, and resulting decision-making to foster the best fundraising outcomes?**

In the past, success in nonprofit fundraising was often measured by straightforward metrics of dollars raised or number of donors acquired. While these measurements remain telling and essential, we should also ground our success tracking in indicators that reflect how today's potential supporters and donors interact with an organization in an omnichannel fundraising environment —including direct mail, email, display, Meta, social media, text campaigns, events and more.

SETTING UP FOR SUCCESS

Consider measuring and incorporating the below essential metrics, if your organization is not already. If your organization does track these measures, **are they accessible to teams who shape and influence these activities? And, is your organization taking action on the essential measures that will "move the needle" for your fundraising and engagement in 2024?**

- **Donor Attrition and Retention Rate:** Donor acquisition is expensive in any channel; tracking and understanding how many donors fall off the file and how many are kept is imperative. Track the annual rate of donors who give by lifecycle and giving level, such as new to file, 2nd year of giving, and multi-year donors. These groups all have different levels of engagement and will require different techniques to increase their loyalty and retention level.
- **Lifetime Value:** This metric shows how much a donor is expected to contribute over their entire engagement and is essential in helping you prioritize donor relationships, channels, and how much your organization can invest in acquiring a donor.
- **Cost Per Acquisition:** Knowing how much it costs to acquire a new donor and how long it takes to recoup that investment is key and helps determine the efficiency of your fundraising channels and methods.
- **Engagement Metrics:** Monitor engagement metrics like open rates, click-through rates, and social media interactions. These numbers can reveal the effectiveness of your content and communication strategies.
- **Attribution:** In this omnichannel landscape, it is not always clear how each channel in your program is contributing. Attribution tools, dashboards, and services such as matchback analysis must be part of the essential measurement toolbox. Every touch a donor or prospective donor receives contributes to program success and having a better view of each channel's contribution is helpful as you measure investment by channel.

LEVERAGING INTELLIGENCE

Understanding how the above measurements align with your nonprofit sector and can be implemented brings added insights for actionable steps. 1st year donor retention knowledge allows your organization to understand if they are providing a treatment for newly acquired donors that motivates further giving. If your 1st year retention is below sector benchmarks, then tactics need to be put in place to encourage a second gift. Techniques such as a welcome series with touchpoints in multiple channels could move that retention rate up. Knowledge supplies the power to act and improve upon the current key performance indicators (KPI's).

You may be surprised to know many organizations do not have a handle on their donors' lifetime values or the time it takes to break even when acquiring a new donor. Understanding this threshold for investment is paramount. Armed with that knowledge, you are in a better position to budget and make investment decisions by communication channel.

Ideally, measurement involves traditional KPIs along with benchmarking against peers to guide strategic decisions. In this evolving landscape, success is not just about meeting metrics; it is about understanding how to use them to meet both short-term and long-term goals through effective data-driven decision-making.

Your organization may already utilize most of these metrics in tracking success. However, continuously reflecting on the what, how, and why of your metrics contributes to refined tracking and enhanced long-term fundraising outcomes.

MARKETER of the Year

2023 WINNER

Alicia Meulensteen
ACLU *Director Supporter Marketing*

To be considered for Marketer of the Year, the DMFA looks for members who have made significant contributions to our industry. When the passionate nominations for Alicia Meulensteen, Director, Supporter Marketing, ACLU, came in, it was apparent that she more than earned this honor. She is not only a long-time member and a leader in the industry, she is also a former Board Member.

For over 20 years, Alicia has grown some of the country's largest and most respected nonprofit fundraising programs. After starting in fundraising at the International Rescue Committee and Planned Parenthood Federation of America, from 2008-2018 she led the membership program at the ASPCA where she was instrumental to growing its base of support, monthly giving file, and fundraising operations. Now serving as the *Director of Supporter Marketing* for the **American Civil Liberties Union**, Alicia's focus is on growing the ACLU's membership, developing new audiences, and multi-year strategic planning.

ACLU

Alicia is active on several Association Boards in addition to being a member of the DMFA. She is a founding member of The Nonprofit Alliance, served on the boards of the Direct Marketing Fundraisers Association, the Advisory Council of the ANA Nonprofit Federation, the Professional Face to Face Fundraising Association and several small non-profits. Alicia is a regular speaker at fundraising conferences, and created and hosted the Good Fundraising Podcast during the pandemic, where she shared conversations with non-profit thought leaders and change-makers about trends and challenges in fundraising.

Save the Date

MAY

EVENT

- **Mid-Level Giving Benchmarking Summit**

  05/06/24, 8:30 AM — 05/07/24, 2:45 PM

  College Park Marriott
  3501 University Blvd East
  Hyattsville, MD

EVENT

- **AI Fundraising 101**

  05/22/24, 3:00 PM — 5:00 PM

  290 Congress Street
  Suite 200
  Boston, MA 02210

  SPEAKERS:

  Amy O'Connor, *Senior Director, Data Strategy,* **Data Axle**; Cameron Popp, *Vice President, Solutions and Innovation,* **Wiland**; Warren Storey, *Senior Vice President of Product and Data Insight,* **Epsilon**

JUNE

EVENT

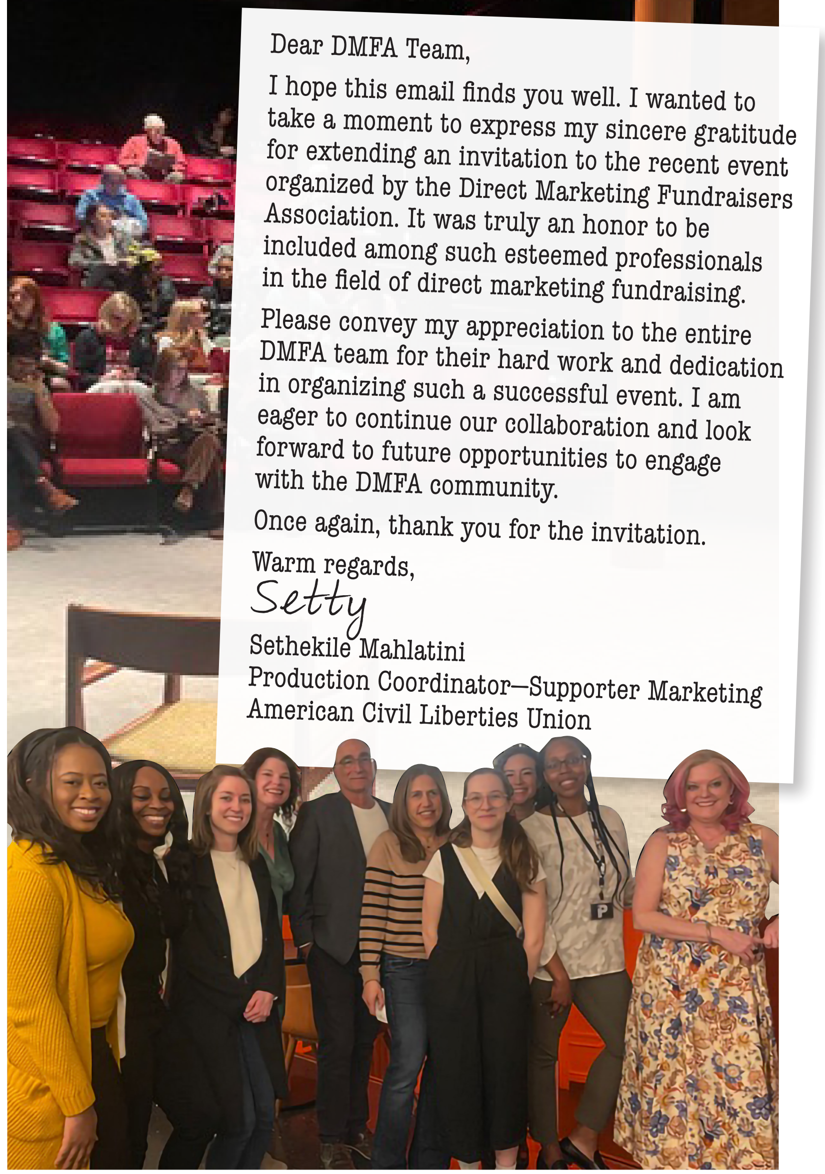
- **2024 DMFA Awards Celebration and Annual Membership Meeting**

  06/06/24, 11:30 AM — 3:00 PM

  Club 101
  101 Park Avenue
  New York, NY 10178

Be sure to check your email and dmfa.org for more information.

DMFA Theater Night:
THE ALLY at The Public Theater



Dear DMFA Team,

I hope this email finds you well. I wanted to take a moment to express my sincere gratitude for extending an invitation to the recent event organized by the Direct Marketing Fundraisers Association. It was truly an honor to be included among such esteemed professionals in the field of direct marketing fundraising.

Please convey my appreciation to the entire DMFA team for their hard work and dedication in organizing such a successful event. I am eager to continue our collaboration and look forward to future opportunities to engage with the DMFA community.

Once again, thank you for the invitation.

Warm regards,

Setty

Sethekile Mahlatini
Production Coordinator—Supporter Marketing
American Civil Liberties Union

DMFA Scholarship Fund

The DMFA believes that when any one of us becomes a better fundraiser, it helps lift up our peers as well. That's why the DMFA Scholarship Fund was created—to help fundraisers, and those interested in fundraising as a career, pursue education by subsidizing some of their costs. This scholarship is available to nonprofit organizations, students, and non-working professionals.

If you fit into one of the above categories and want to further your career with a conference, webinar, or membership, apply here:

dmfa.org/awards/dmfa-scholarship-fund

MEMBER ORGANIZATION
SPOTLIGHT

Guiding Eyes for The Blind

Shayla Titley, The Public Theater

Guiding Eyes for the Blind provides guide dogs to individuals experiencing vision loss. At the DMFA's 2023 Year-End Luncheon, Rebekah Cross, Guiding Eyes' Director of Donor Relations, urged the audience to imagine navigating New York City's bustling Grand Central Terminal (GCT) with closed eyes. She shared her own experience with her guide dog, Regal, expertly guiding her through GCT and similar environments with efficiency and confidence, significantly enhancing her daily life. This firsthand account vividly illustrates how Guiding Eyes' guide dogs empower individuals with greater independence.

Since its inception in 1954, Guiding Eyes has forged impactful connections between people with vision loss and exceptional dogs. The organization employs a distinctive, relationship-based approach to guide dog training known as STEP (Successive Training & Enrichment Program), recognized globally for its excellence and innovative spirit.

Guiding Eyes offers all its services, programs, and follow-up support to students and graduates completely free of charge. The journey of a guide dog spans two or more years and includes:

- Breeding and nurturing, emphasizing the bond between human and dog.
- Training under the guidance of dedicated volunteer puppy raisers.
- Rigorous formal harness training, involving hundreds of repetitions across diverse settings.
- Training with individuals who are blind.

Guiding Eyes aims to graduate approximately 150 guide dog teams annually and provide ongoing support to the roughly 1,000 active guide dog teams across the country and beyond.

Did you know?

Guiding Eyes for the Blind operates the unique Blind Running Guides Program, the only one of its kind worldwide, which tests and trains dogs to enable individuals who are blind to run without a human guide, whether outdoors or exclusively on a treadmill.

Since its establishment in 1954, Guiding Eyes has graduated over 10,000 guide teams, empowering individuals with greater independence and mobility.

Funding for Guiding Eyes comes exclusively from private support, including contributions from individuals, corporations, and foundations.

The organization relies on a dedicated network of over 1,700 volunteers who play a crucial role in advancing its mission.

Midlevel Giving Spotlight

Data-Driven Mid-Level Programs Thrive

Jeff Muller, Crossroads Insights LLC

At a time when the percent of U.S. households giving to charity continues to decrease dramatically—less than half give now as compared with two-thirds just twenty years ago—the need to deploy data wisely in service to building durable donor relationships has never been greater. For the mid-level practitioner, data serves as the foundation upon which strategic decisions are built, enabling the organization to identify potential mid-level donors, tailor their outreach efforts, and ultimately cultivate stronger, more meaningful relationships. Yet mid-level programs face some unique data needs and challenges.

This was the topic of a conversation I recently had with three expert mid-level practitioners—Paul Leo from the International Fellowship of Christians and Jews (IFCJ), Allison Schmidbauer from the Humane Society of the United States (HSUS), and Alan Stininger from Shriners Children's. Together, we explored how their organizations leverage data to create and supercharge their mid-level programs, identify challenges their programs face, and what they are most excited about on the horizon.

Using Data to Build a New Mid-Level Program

In the past year, Alan led an effort at Shriners to build the organization's first mid-level program, with data as the program's backbone. "Data did and continues to play a huge part in all our decision-making and how we're strategically moving the program forward. In creating the program, we did a lot of modeling and looking at our data." Alan and his team examined donors' giving histories over a 24-month period as their baseline—a change in definition from their previous 12-month model—identifying who was actively giving at these levels and who had lapsed that they could try to reactivate. Within their models they also developed different grades of "up-and-comers," those with the highest propensity to upgrade into the mid-level program.

Surveying was another key tool they deployed in constructing the program, through which they uncovered that these donors wanted to engage with them more. "We took that into consideration as we were building out our donor journeys. Now that we have a full year of data, we can start benchmarking our campaigns and some of our different initiatives against the previous year, which is great."

Iterating Testing to Inform Program Growth

Over at HSUS, Allison recently spearheaded a major revamp to their mid-level program which has helped revitalize a stagnant program and start it growing again. "We homed in on some testing strategies in 2020. They became the impetus for subsequent strategy tests that led to the scope of the program, which then led to an overhaul in 2022. The data used to make the largest change was generated from a test we conducted over about six months." Through this testing, they made the strategic decision to add cumulative donors to the program, joining those who make qualifying one-time and sustainer gifts. "With these changes, those cumulative donors have generated 30% more revenue. Moreover, there are 23% more of those donors and they have made 34% more gifts. All around it was a great decision."

This latest change to their mid-level program is just the most recent one Allison has participated in over her eight years at HSUS. Throughout, data has played a key role in their decision making, driving changes in postage, cadence, ask strings, and package design. However, in her earlier years she experienced one of the challenges that emerging mid-level programs often wrestle with. "When I first started, the mid-level program was still quite new. That group of donors was quite a bit smaller than our current file. We've always tested in mid-level to a degree, but those quantities were much smaller, so it was harder to get a read on what was needed." Between drawing lessons from smaller dollar donors to benefiting from the insight of vendor partners to simple trial and error, they eventually identified a clear path forward.

Leveraging Data—and Technology—to Create a Meaningful Donor Experience

At IFCJ, Paul and his team have one of the more unique challenges you will encounter—and one they solved with well deployed data and a little technology. "Our donors are very different from any other organization where I've worked. They're really frequent givers, giving 6, 7, 8 times a year as opposed to the usual 2, maybe 3 gifts a year. That creates its own set of challenges, especially trying to figure out when to ask because they're giving so frequently." To address this, they use Gravyty, an AI-based platform that combs the donor data and provides daily suggestions of who should be engaged—and even goes so far as to draft a note to send. Of course, this platform works best when there is a program like Paul's that includes a well-resourced internal team. "We've got amazing data which is wonderful. We also have an in-house team of three analysts who built me a suite of Power BI reports on my mid-level program so I can slice and dice this in a lot of different ways. It's really a luxury."

Paul's experience at IFCJ should be an object lesson in two ways for organizations as they consider how they want to build and resource their programs. First, through analysis his team was able to demonstrate that donors with positive interactions with the organization are worth more. And second, this has helped drive resources to better retain and engage in ways that feel meaningful to the donor. "Concerning data, we look beyond recency, frequency, and monetary value to indicate the type of interactions and value those that said this is what we need to do. And it works."

Creating Bespoke Communications for Donors at Scale

Looking to the future, Alan shared one of the efforts at Shriner's that is in the works, though probably still a year or two away. "We're really excited about building out an interest library for our donors so we can eventually give them the content they want to receive. It's a very data-driven effort and we're beginning with a lot of survey work and response analysis. It's important to build this out for the future of not only fundraising for mid-level, but for the rest of our programs as well. This goes back to the machine learning discussion. There's a way to utilize AI where we're inputting the content or data that we have, and it could help us develop something that is specific to a certain audience."

Clearly, in a rapidly evolving nonprofit landscape, harnessing the power of data is not just beneficial; it is imperative for creating a mid-level giving program that can thrive and make a lasting impact on the organization's mission.

Are you interested in more Midlevel program insights? Join our Midlevel Giving group and stay tuned for our upcoming webinar on hot topics from the second-annual Benchmarking Summit May 6-7, 2024 in Hyattsville, MD. Visit **dmfa.org/mlgbenchmarking** to learn more and ensure that you can attend the event in 2025!

TIME TO MOVE FORWARD

To better serve you, we've officially closed our LinkedIn group and have transitioned to a new company page: www.linkedin.com/company/74004924. This is where you'll find all the DMFA updates you'll need, and they will now be easy to share in your feed! Just visit the URL and click on "Follow."

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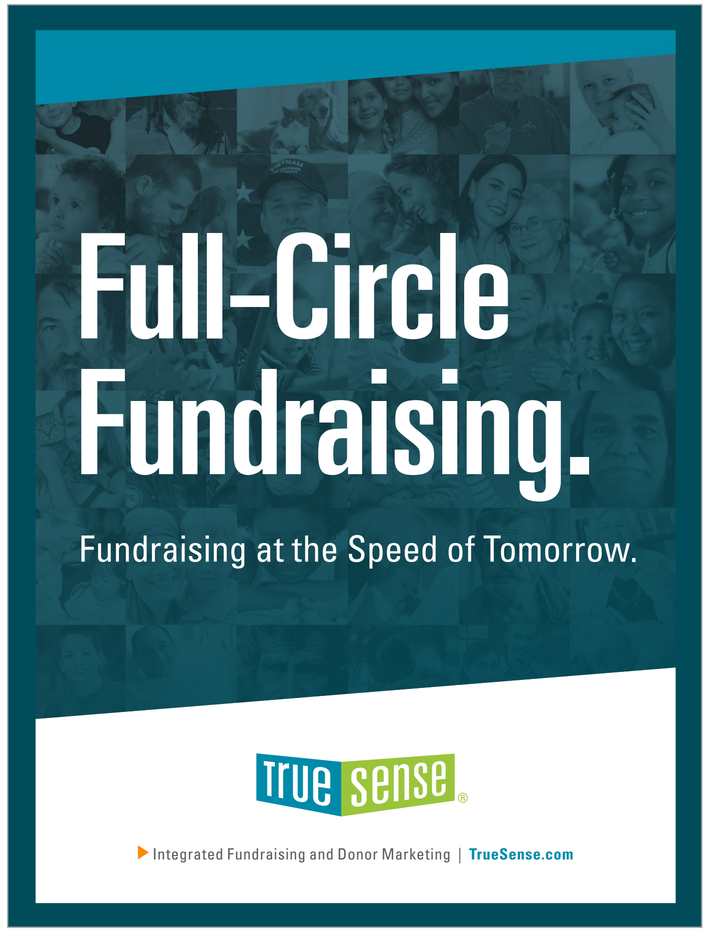

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wiland.com/nonprofits

The Patchwork Quilt of State Privacy Laws Continues to Expand … No Relief in Sight!

Mark Micali, The Nonprofit Alliance

The year started with a bang. By the end of January, the tally of states with privacy statutes had grown to thirteen, five of which do not exempt nonprofit organizations. What does this ever-increasing patchwork quilt of varying state laws mean for fundraisers? Increased costs, decreased data availability, and a bottom line of fewer net dollars to nonprofit organizations.

What can we expect in 2024?

If the trend of recent years continues, we can expect several more states to enact their privacy statutes. Several will likely explicitly cover nonprofits, and those that do not will continue to impact costs and the availability of new acquisition sources.

Two states to watch:

Oklahoma, where legislation was seriously considered in 2021 and then again in 2023 to become the nation's first state with an "opt-in" state privacy statute. Even with a nonprofit exemption, this would suppress nonprofits' ability to reach new donor prospects in Oklahoma. It would create a new blueprint that other states could follow, with exponential impact.

New York, last year, considered privacy legislation that would cover nonprofits as well as commercial entities. New York is one of the few states whose legislature is in session all year, and there may not be movement on this until later in 2024. Given the size and importance of New York to many nonprofits' fundraising files, this could have significant compliance implications.

What is Congress doing to provide a uniform national privacy standard?

The short answer is not enough …

In 2022, the House Energy & Commerce Committee reported out of committee for possible consideration on the House floor the American Data Privacy and Protection Act. While representing a step toward a national privacy standard, the bill had several significant deficiencies. It included 15 "carveouts," allowing current state privacy-related statutes to stay in force. It also allowed for a private right of action, paving the way for class action lawsuits. The legislation never advanced to the House floor and thus died at the end of the two-year congressional cycle in December 2022. Since then, no major privacy legislation has been addressed by Congress.

Sound national privacy legislation should include the following sensible provisions:

- A clear, uniform set of national standards and guidelines
- an explicit preemption of any current or future state privacy statutes to create national consistency of laws
- Requirement that litigation of federal privacy legislation be filed in only federal court (and not state courts) to create greater national uniformity of enforcement.
- No private right of action
- An opt-out, rather than an opt-in, framework

So, where do we go from here?

There is an old Washington adage: "You never know when the stars will line up to pass major legislation. You have to be ready because when the opportunity occurs, there's usually only a narrow window of time." The Nonprofit Alliance is working closely with a bipartisan group of legislators in Congress to be ready when that day occurs. Two long-time Senate advocates of comprehensive national privacy legislation, Senate Republican Whip John Thune (R-SD) and Senator Jerry Moran (R-KS), are at the top of our list, as well as Democrats Senator John Hickenlooper (D-CO) and Senator Peter Welch (D-VT). Allies in the House include Congresswoman Cathy McMorris Rodgers (R-WA) and Congresswoman Suzan DelBene (D-WA).

Passing major congressional legislation usually takes multiple two-year congressional cycles, so patience and persistence are key. In a contentious election year, passage of significant legislation can get even more bogged down. The x-factor in 2024, however, is AI. Congress learned a lesson on its wait-and-see approach to regulating social media and is determined to avoid making the same mistake again. The discussion and debate on how AI systems and tools collect and use data create urgency for protective regulations. We should expect consumer data privacy to emerge in newly drafted AI legislation at the state and federal levels. Unfortunately, there is much room for state-by-state variance without an existing national standard as a foundation. Stay alert, and stay tuned.

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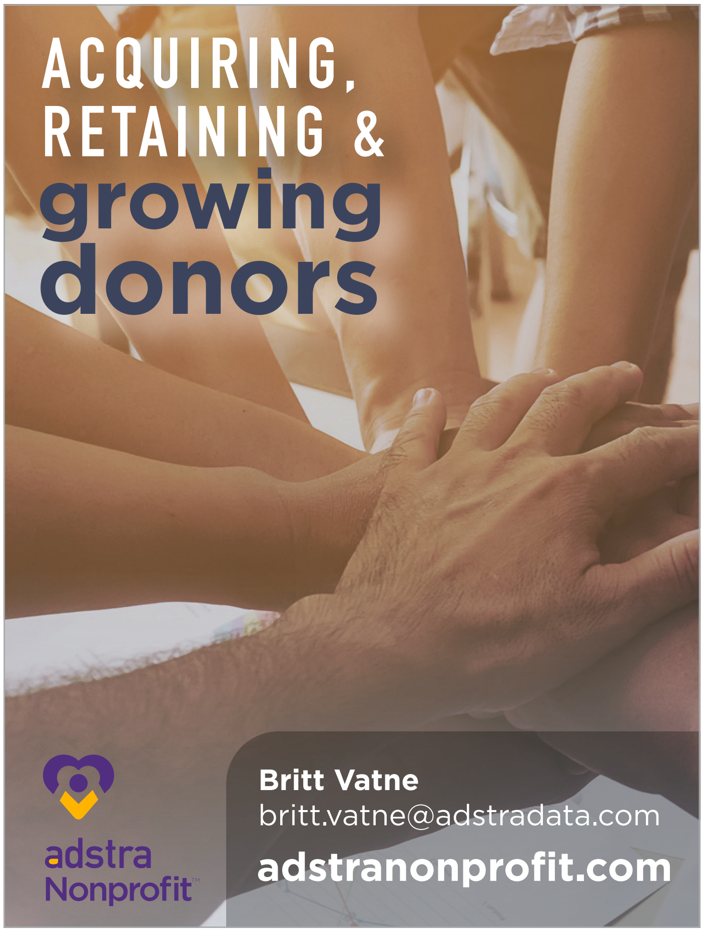
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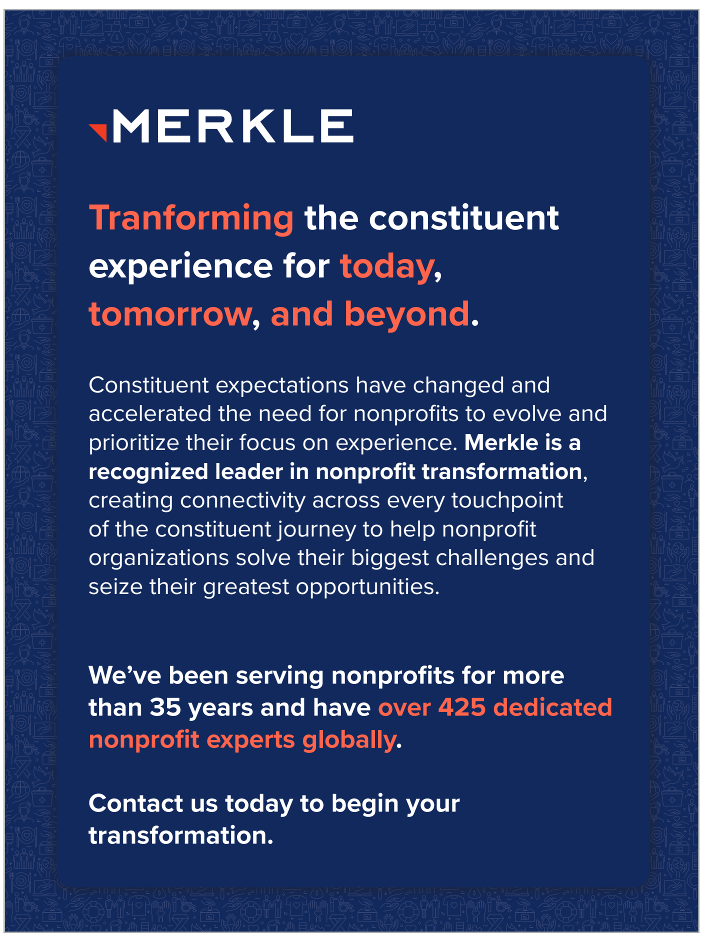
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