TO: Federal Policymakers and Advocates

FROM: H. Art Taylor, President & CEO, Association of Fundraising Professionals
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RE: Q2 2026 Charitable Giving Trends: Growing Contributions, Declining Donor Participation, and Implications for Federal Tax Policy

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Overview

The Fundraising Effectiveness Project (FEP), a partnership between the Association of Fundraising Professionals (AFP) Foundation for Philanthropy and GivingTuesday, provides quarterly data on charitable giving and donor participation across the United States. Its Q2 2026 report draws on data representing approximately 5.7 million donors, $8.1 billion in charitable contributions, and 17,000 nonprofit organizations.

The latest findings reinforce a concerning pattern: Americans are giving more dollars to charity, but fewer individuals are participating**.** Through June 30, 2026, charitable contributions increased 6.6% compared with the same period in 2025, while the number of donors declined 1.6%.

These findings come during the first year of implementation of significant charitable tax changes enacted under H.R. 1, the One Big Beautiful Bill Act (OBBBA). While it is too early to attribute changes in giving behavior to these reforms, the data provides an important baseline for evaluating whether federal tax policy is helping to strengthen broad-based charitable participation.

Key Findings from Q2 2026

Measure	**Year-over-Year Change**	**Key Takeaway**
Total charitable dollars	**+6.6%**	Giving continues to grow despite declining donor participation.
Number of donors	**–1.6%**	The donor base continues to contract.
Micro donors ($1–$100)	**–4.2%**	The largest donor segment, representing 51.6% of donors, continues to shrink.
Major and supersize donors	**+6.4% / +6.2%**	These donors represent just 2.9% of donors but account for 76.4% of charitable dollars.
Donor retention	**26.4% (–0.4 percentage points)**	Fewer previous-year donors have returned to give during the first half of 2026.
New donors	**–4.7%**	Charities continue to face challenges attracting new supporters.

Why These Findings Matter

1. Charitable giving remains resilient, but increasingly concentrated.

The 6.6% increase in giving demonstrates the continued generosity of Americans and the importance of private philanthropy in supporting communities. However, more than three-quarters of charitable dollars now come from fewer than 3% of donors in the FEP dataset. A healthy charitable sector depends not only on financial contributions but also on broad participation across income levels.

2. Declining small-dollar participation warrants particular attention.

Donors contributing $100 or less account for more than half of all donors, yet their numbers declined 4.2% through the second quarter. The continued erosion of this group raises concerns about the long-term sustainability of grassroots giving and the ability of community-based nonprofits to develop relationships with new supporters.

3. Retaining and attracting donors remains a challenge.

The overall donor retention rate fell to 26.4%, while the number of donors making their second year of contributions declined 9.5%. These trends highlight the importance of encouraging both first-time gifts and sustained charitable participation.

Federal Tax Policy Implications

Beginning January 1, 2026, the OBBBA established a permanent charitable deduction for taxpayers who do not itemize, allowing eligible individuals to deduct up to $1,000 and married couples filing jointly up to $2,000 in qualifying cash contributions. The law also introduced a 0.5% adjusted gross income floor for itemizers and a 35% limit on the value of itemized deductions for those in the highest tax bracket.

The new non-itemizer deduction represents an important opportunity to encourage charitable giving among Americans who previously received no federal income tax deduction for their contributions. However, the continued decline in small-dollar donors underscores the need for greater awareness of this incentive and careful evaluation of its impact.

We encourage Congress and the Treasury Department to prioritize two areas:

- **Promote awareness and accessible implementation** of the new non-itemizer charitable deduction so that eligible taxpayers understand and can use the incentive.
- **Monitor the effects of the charitable tax changes** on donor participation and total giving, particularly among small-dollar donors and households affected by the new limitations on itemized deductions.

FEP will continue to provide quarterly data to help policymakers evaluate these trends. Because 2026 is the first year of implementation, and charitable giving is influenced by economic conditions and other factors, additional data will be essential before drawing conclusions about the law's impact.

Looking Ahead

The Q2 findings offer both encouragement and caution. Charitable dollars continue to grow, but the nation's donor base is narrowing, especially among everyday donors. As Congress evaluates the

implementation of recent tax reforms, preserving a broad and engaged culture of charitable giving should remain a bipartisan priority. We welcome the opportunity to share additional FEP data and discuss how these findings can inform evidence-based charitable tax policy.

Further information, methodology, and quarterly reports are available at **https://fepreports.org/**.

Contact with Questions

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About Association of Fundraising Professionals (AFP) Foundation

The AFP Foundations for Philanthropy enhance philanthropy and volunteerism through programs of education, research, and service that benefit those who lead, serve and support nonprofit institutions. The purpose of the Foundations is to generate resources for strategic initiatives that advance fundraising worldwide.

About The Nonprofit Alliance (TNPA) Foundation

The Nonprofit Alliance Foundation provides educational programming, research, and public education and awareness outreach to support the success of nonprofit organizations and the broader nonprofit community.