

AHP in the News  
Expecting Donations to Fall, Hospitals Brace for Bad News  
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by Reed Abelson  
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WILL Annette Bloch be the exception or the rule?

In the middle of the financial meltdown and stock market collapse last month, Mrs. Bloch, the widow of Richard Bloch, who helped found the tax preparation company H & R Block, gave \$20 million to the University of Kansas Hospital in Kansas City, Kan. The gift, possibly the state's largest to a hospital from an individual, will allow the hospital to create a nationally recognized cancer center.

Acknowledging an environment in which many philanthropists may not have the will or the means to give, Mrs. Bloch said in a telephone interview that she believed there was a need to demonstrate the country's resilience. "I'm just very grateful that I'm able to do it," she said. "I don't believe in waiting. I'd like it to be done tomorrow."

Mrs. Bloch had been treated for breast cancer at the hospital this year, and she and her husband had been longtime supporters of it.

Across the country, hospital executives and fund-raisers are bracing for difficulty in their efforts to raise money. "It's a strong message from Annette," said Bob Page, the chief executive of the University of Kansas Hospital. Grateful patients account for about 40 percent of what his hospital raises, and Mrs. Bloch's gift is more than the \$18 million the hospital had raised since it began formal efforts in 2002, Mr. Page said.

Ronald R. Bunnell, the chief financial officer for Banner Health, a hospital system based in Phoenix, said he assumed there would be fewer donations because so many people with significant money or significant investments tied up in real estate, say, or banking have taken "a big personal hit." But how rare will someone like Mrs. Bloch turn out to be? "It's too soon to say," he said.

The new environment is a marked change from recent years, when many hospitals had substantial success in fund-raising. "We're coming off from a record year for philanthropy," said Robert G. Kiely, the chief executive of Middlesex Hospital in Connecticut.

After the 1987 stock market decline, gifts of appreciated property like stock dropped significantly, said William C. McGinly, the chief executive of the Association for Healthcare Philanthropy in Falls Church, Va. The bursting of the dot-com bubble in 2002 had a similar effect on people's philanthropy to hospitals. "We're walking into something very similar," he said.

While fund-raisers tend to be optimistic about their ability to persuade people to give, Mr. McGinly says he is realistic, given the severity of the downturn. “I don’t know how you can discount the fact that major donors can’t be as generous,” he said.

Some hospital systems say they are already lowering their expectations. Baptist Health South Florida Foundation, which raises money for the Baptist Health system of hospitals in southern Florida, reduced its fund-raising goals to \$9.9 million for 2009, from \$12 million this year. “The feeling is that we’ll be pretty lucky if we get there,” said Bob Baal, the foundation’s chief executive.

Corporate giving is already feeling the effects of the economic slowdown, Mr. Baal said. Last month, the hospital sponsored a golf tournament fund-raiser. About 100 fewer players participated, he said, and the hospital raised about 30 percent less than it had forecast. “Nobody’s complaining,” he said, but corporations were notably absent from an event at which they had been typically very visible.

One hospital consultant said that as hospitals enter the fund-raising season by holding galas and the like, they are finding that fewer companies are paying the fee — usually several thousand dollars — to buy a table.

Instead, said David A. Rock, a health care consultant with Carl Marks & Company, an investing and consulting firm in New York, companies may buy some individual tickets. One recent event, which typically had generated more than \$2 million, brought in about \$1.5 million for a New York hospital, he said.

For some hospitals, that means taking more time to meet their fund-raising goals. “We always have to be realistic,” said Greg Pope, an executive at St. Thomas Health Services, a hospital system in Tennessee, and the incoming chairman of the Association for Healthcare Philanthropy. “If a campaign has been well planned, it may have to be lengthened to meet its goals.” But Mr. Pope advised against hospitals lowering their fund-raising goals because such a move would be a “de-motivator” for the staff.

Fund-raising experts advise taking the long view. Mr. Pope and others emphasize that it is important for hospital officials to keep in touch with those who have previously given. While the fund-raising staff might not see the same high yields for their efforts as they had recently, they need to maintain long-term relationships that may lead to generous gifts as times improve.

“It’s not unlike what you see with a lot of brokers and financial managers with their clients,” Mr. McGinly said.

And some see a possible silver lining in the financial straits the country faces. Many hospitals have an even stronger case to make about the importance of giving so that they can continue to provide charity care and services that are even more needed as people lose jobs. “There’s a never-ending pool of prospective people to tell a story, share and engage,” Mr. Pope said. “It’s incumbent on that hospital to tell that story.”

Some hospitals, particularly those that serve poor patients, could find their renewed efforts are a clarion call to philanthropists.

“We need to be unbashful about sharing our case and our need for support,” he said.