

## Abstract

The nonprofit fundraising landscape is undergoing structural transformation driven by regulatory changes, shifting donor demographics, and emerging technology. New tax legislation under the One Big Beautiful Bill Act introduces giving incentives for non-itemizing taxpayers while simultaneously constraining major donor deductions, reshaping development strategy across all donor tiers. Donor-advised funds continue their historic growth even as participation among affluent households declines. Artificial intelligence adoption for fundraising is expanding but governance frameworks lag dangerously behind. Corporate giving is navigating DEI-related scrutiny. Against a backdrop of donor base contraction, development staff retention crisis, and intensifying state compliance requirements, nonprofit leaders face an urgent imperative to modernize fundraising infrastructure, diversify revenue streams, and build organizational resilience.

## NMN Executive Intelligence Briefing

### Fundraising & Donor Engagement: Key Trends for Nonprofit Leaders

Week of March 9, 2026

### From Nonprofit Management Navigator

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*The following **NMN Executive Intelligence Briefing** is the second in a new weekly feature from Nonprofit Management Navigator. Every week, we publish a dedicated issue focused on a single high-priority operating development that is likely to shape nonprofit performance in 2026 and beyond. The NMN Executive Intelligence Briefing is published in addition to your regular weekly Nonprofit Management Navigator News Update. You can subscribe to this free service at [NonprofitManagementNavigator.com](https://NonprofitManagementNavigator.com)*

*The March 9<sup>th</sup> MNM Executive Intelligence Briefing examines recent nonprofit fundraising and donor engagement trends focusing on their impact on 2026 nonprofit fundraising. This analysis is designed to provide nonprofit senior executives and board members with the insight they need to make stronger 2026 management decisions concerning their current and planned fundraising activities— decisions that support long-term mission success and organizational resilience*

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## **The Importance of Strategic Fundraising Adaptation**

Fundraising and donor engagement represent the lifeblood of nonprofit operations, yet the environment governing both has shifted fundamentally entering 2026. From sweeping federal tax legislation to record regulatory enforcement and demographic transformation in the donor pool, nonprofit development teams face simultaneous pressures that demand urgent strategic recalibration.

### **Major Developments Shaping the Landscape**

The One Big Beautiful Bill Act (OBBBA), signed July 4, 2025, introduces the first meaningful above-the-line charitable deduction for the approximately 90% of Americans who do not itemize — up to \$1,000 for individuals and \$2,000 for joint filers beginning in 2026.<sup>1</sup> Simultaneously, the legislation imposes a 0.5% AGI floor and reduces the maximum deduction value to 35% for top-bracket donors, effectively reducing the tax efficiency of donor-advised fund contributions by 7–10% for high-net-worth donors while explicitly excluding DAF gifts from the new universal deduction.<sup>2</sup> DAF growth nonetheless remains historic — Fidelity Charitable granted a record \$18.3 billion to nonprofits in 2025, a 23% increase over 2024's already record-setting \$14.9 billion — confirming donor-advised funds as one of the fastest-growing philanthropic delivery vehicles even as their tax calculus shifts.<sup>3</sup>

Beneath the headline giving totals, structural fragility is building. Data from the Fundraising Effectiveness Project through the second quarter of 2025 shows total dollars raised grew 2.9% while the donor count fell 1.9%, new donor acquisition dropped 10.7%, and new retained donors fell 10.2% — continuing a multi-year contraction in the donor base.<sup>4</sup> High-net-worth household participation in charitable giving fell to 81% in 2024, down from 91% in 2015, the lowest recorded level in a decade — meaning the sector's growing reliance on a narrowing pool of major donors creates a structural fragility that no organization can afford to ignore.<sup>5</sup>

Corporate philanthropy is navigating significant disruption: a Conference Board survey of 82 corporate citizenship leaders found 55% report that increased federal scrutiny of DEI programs has materially affected their giving strategies, with more than a quarter stepping back from socially or politically sensitive giving and 60% now routing grant approvals through legal and compliance oversight.<sup>6</sup> In parallel, 92% of nonprofits now use artificial intelligence in some capacity including for fundraising, yet only 53% have a formal governance policy and 81% use AI individually without shared organizational workflows — a gap that creates unmanaged legal, reputational, and donor privacy risk.<sup>7</sup>

Monthly giving now accounts for approximately 31% of online nonprofit revenue, up from 27% two years ago, and recurring donors are retained at a 65% rate when given a structured welcome series — compared to an 18% average first-year retention rate for single-gift donors.<sup>8</sup> Meanwhile, millennial average household giving rose 22% in 2024 to \$1,616 per donor, now surpassing Gen X giving, while Gen Z donors averaged \$867 annually, up 16%. With an estimated \$84 trillion Great Wealth Transfer anticipated over the coming decades, these generations' philanthropic influence will accelerate well beyond their current dollar contribution.<sup>9</sup>

Compliance risk has intensified on two fronts. The U.S. Department of Justice recovered a record \$6.8 billion under the False Claims Act in FY 2025 — the highest annual total in the statute's history — with grant-related matters explicitly named among enforcement priorities and a record 1,297 whistleblower lawsuits filed.<sup>10</sup> State solicitation enforcement has similarly accelerated, with 41 states and the District of Columbia requiring registration before nonprofits solicit residents online; California has made platform compliance an active enforcement priority under AB 488, and Hawaii's comparable law took effect January 1, 2026.<sup>11</sup>

### **Implications for Nonprofit Organizations**

Near-term, development teams must update all donor communications and gift planning materials to reflect the OBBBA's new deduction structure — both the opportunity it creates for mid-level and non-itemizing donors and the reduced incentive value for major donors. Organizations receiving Fidelity Charitable grants must enroll in electronic funds transfer by July 1, 2026. AI governance frameworks require immediate board-level attention, and solicitation registration compliance must be reviewed across every jurisdiction where the organization fundraises digitally.

Longer-term, the structural contraction of the donor base — particularly among small donors and new acquisition — demands strategic investment in recurring giving infrastructure, next-generation donor cultivation, and multi-tiered engagement strategies. As fewer affluent households participate in giving at all, the pipeline of future major donors grows increasingly uncertain. Nonprofits whose engagement strategies remain calibrated to older donor preferences risk compounding disadvantage as millennial and Gen Z giving power grows and the Great Wealth Transfer accelerates.

### **Action Steps for Nonprofit Leaders**

Development teams should: (1) update all solicitation materials and gift planning guidance to reflect the OBBBA deduction structure, specifically communicating the new above-the-line deduction to non-itemizing mid-level donors and proactively advising major donors on reduced deduction value<sup>1</sup>; (2) integrate DAF acceptance through electronic platforms and complete Fidelity Charitable EFT enrollment before the July 1, 2026 deadline<sup>3</sup>; (3) formalize an AI governance policy with cross-functional oversight, documented data standards, and board-level accountability<sup>7</sup>; (4) build monthly giving as the default ask on donation forms and deploy structured welcome sequences to drive recurring donor retention<sup>8</sup>; (5) audit charitable solicitation registration compliance across all 41 jurisdictions before executing national digital fundraising campaigns<sup>11</sup>; and (6) treat fundraising staff retention as a strategic financial risk — the departure of a fundraiser with four or more years of tenure can cost an organization up to five times their salary in lost revenue.<sup>12</sup>

### **Summary**

The 2026 fundraising environment demands that nonprofit leaders simultaneously navigate legislative change, compliance complexity, and a structurally shifting donor landscape. Organizations that act strategically — updating systems and communications for OBBBA, diversifying revenue streams through recurring giving and

DAF cultivation, investing in technology governance, building next-generation donor relationships, and protecting human capital — are best positioned to sustain philanthropic support through an increasingly unpredictable operating period.

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## Sources

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