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GETTING WHAT YOU NEED TO SURVIVE

*The New Rules of Grants, Philanthropy, and Community
Investment*

Funding follows trust. Trust follows relationships.
Relationships follow collaboration.

TYLER J. BUTLER



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The New Rules of Grants, Philanthropy, and Community Investment

By Tyler J. Butler



1%

Of taxable income: from 2026, only corporate gifts above this floor are deductible in the current year¹

64%

Of corporate social impact practitioners report burnout, the highest in the history of ACCP's survey²

13%

Feel "very confident" making the formal business case, as 63% face rising demand to do it²

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THE QUESTION AT THE BUDGET REVIEW

It is the Tuesday before budget review. Your deck is nearly done: grants made, volunteer hours logged, two partner stories that still make you smile. Then a note arrives from finance. The CFO wants to know what the company gets for this spend, and how the new tax rule changes the math. You have ten slides of activity and one line of outcomes. The review is Thursday at 9:00.

If that feels familiar, you have company. In the Association of Corporate Citizenship Professionals' 2026 CSR Insights Report, 83 percent of practitioners said their visibility

inside the company had grown, up from 62 percent a year earlier. Burnout rose from 39 to 64 percent. And 63 percent face more demand to make the formal business case, while only 13 percent feel very confident doing it.²

The spotlight is brighter, the resources are flat, and the questions are harder. This guide shows where corporate money is moving, what the 1 percent floor changes, what the research says about the business case, and how to protect your team and your partners while you make it.

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FOLLOW THE CORPORATE DOLLAR

Americans gave an estimated \$617.20 billion to charity in 2025, the first year above \$600 billion. Corporations gave \$43.67 billion of it, up 3.1 percent, or 0.5 percent after inflation. Giving USA reports that corporate giving has grown 60 percent over the last five years.³

WHERE 2025 GIVING CAME FROM

Estimated U.S. charitable giving by source, in billions of dollars

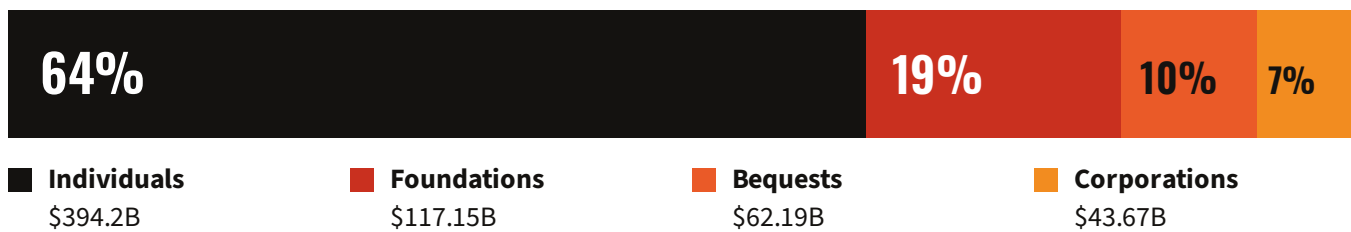


Figure 1. Shares are rounded. Source: Giving USA 2026.³

Among large companies, the picture splits. CECP's Giving in Numbers tracks total community investment (TCI), its measure of everything a company gives. In a matched set of 139 companies, median TCI rose from \$21.9 million to \$23.5 million, and the top quarter of companies grew 10.6 percent. Yet 52 percent of companies gave less in 2025 than the year before, and total giving across participants was essentially flat, down 0.2 percent.⁴ As reported by Candid, the median company gave 0.39 percent of pre-tax profit to eligible charitable contributions.⁵

WHAT THIS MEANS FOR YOU Your CFO may see peers growing their programs and peers cutting them, both in the same year. Know which group your company sits in, and why, before anyone asks.

FLAT BUDGETS, SHARPER CHOICES

Most social impact teams went into 2026 expecting to hold steady. In ACCP's Predictions Survey, fielded in November 2025, 62 percent expected their CSR budget to stay the same.⁶ Nineteen percent expected to make fewer grants with a larger average size.⁷

WHAT CSR LEADERS EXPECTED FOR 2026 BUDGETS

Share of 159 corporate social impact respondents, fielded November 2025

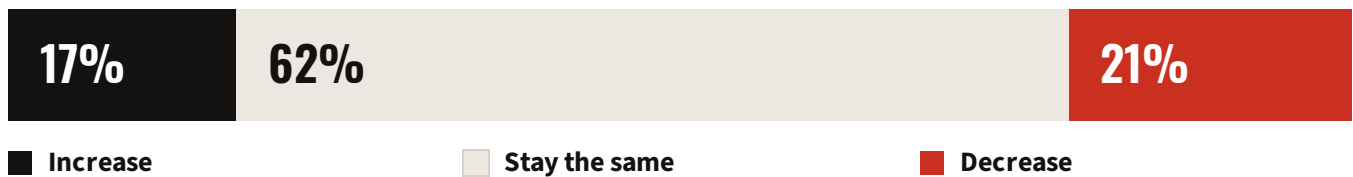


Figure 2. Source: Association of Corporate Citizenship Professionals, 2026 Predictions Survey.⁶

Where the money goes is shifting too. The Conference Board surveyed 70 U.S. corporate citizenship leaders for its 2026 outlook. The most common barrier they named was competing corporate priorities, at 55 percent. More expected to cut cash grants (21 percent) than to raise them (19 percent), while 57 percent expected employee volunteering to grow and just 5 percent expected it to decline.⁸

WHERE 2026 FOCUS IS MOVING

Share of corporate citizenship leaders planning to increase or reduce focus on each area

PLANNED INCREASES



PLANNED REDUCTIONS



Figure 3. Bars share one scale. Survey of 70 U.S. corporate citizenship and philanthropy leaders. Source: The Conference Board, 2026 Outlook for Corporate Citizenship and Philanthropy.⁸

WHAT THIS MEANS FOR YOU A flat budget still forces choices. Decide on purpose which partners get deeper support, how employee time fits in, and how you will explain any change in focus areas to employees and partners.

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THE 1% FLOOR, EXPLAINED

Under the federal tax law enacted in July 2025, for tax years beginning after December 31, 2025, only corporate charitable contributions that exceed 1 percent of taxable income are deductible in the current year. The long-standing cap at 10 percent of taxable income remains.¹ Amounts below the floor carry forward to later years only when the 10 percent ceiling was exceeded.⁹

Researchers at the Indiana University Lilly Family School of Philanthropy estimate the floor will reduce corporate giving by about \$1.55 billion a year, or 3.5 percent of the total.¹⁰ As reported by Candid, gifts from companies giving up to 1 percent of taxable income make up about 26 percent of corporate giving.¹¹

Companies are still working out what it means for them. In the Conference Board's survey, 64 percent of executives expected the law to affect their 2026 giving budgets.⁸ By July 2026, 36 percent of companies in ACCP's research reported no influence and 45 percent were unsure or still in discussions.² As reported by CCS Fundraising, the Philanthropy Outlook also flags possible "bunching," meaning shifts in when companies give.¹²

WHAT THIS MEANS FOR YOU Before your next budget cycle, sit down with your tax team. Ask how much of this year's giving falls under the floor, whether the timing of gifts matters, and how you will describe the answer to leadership. Make the case for the work on its value, with the deduction as one input.

MAKE THE BUSINESS CASE WITH EVIDENCE

Two-thirds of practitioners, 66 percent, face more demand to measure impact.² Survey respondents ranked rising measurement and storytelling demands among the top trends for 2026.⁶ Decades of research give you solid material to work with, as long as you do not stretch it.

ACROSS STUDIES

Margolis, Elfenbein, and Walsh, working paper (SSRN), 2009. Meta-analysis of 251 studies.¹³

Social performance and financial performance are linked, and the link is positive but small. Of the many factors tested, only revealed corporate misdeeds markedly changed the results.

Promise a modest, credible link. Avoiding harm counts.

CLOSE-CALL VOTES

Flammer, Management Science, 2015. Compared shareholder CSR proposals that narrowly passed with those that narrowly failed.¹⁴

Adopting a close-call CSR proposal led to positive stock returns at announcement and better accounting performance, with labor productivity and sales growth rising after the vote.

The author cautions this does not show every CSR proposal pays.

FROM THE RESEARCH

Khan, Serafeim, and Yoon, The Accounting Review, 2016. Compared sustainability ratings on issues material to each industry with ratings on issues that are not.¹⁵

Firms with good ratings on the sustainability issues that matter for their industry significantly outperformed firms with poor ratings on those issues. Ratings on immaterial issues showed no such difference.

Why it matters. Focus beats breadth. Tie your request to the two or three issues that matter most to your business and your communities, and say why.

BRING THIS TO YOUR CFO

- **The business link.** Name the material issue each program addresses and the business measure it touches, such as retention, recruiting, or community license to operate.
- **The outcomes.** Show what changed for people and places, not only dollars and hours.
- **The cost of stopping.** Explain what the company and its partners lose if funding drops.
- **The honest limits.** Say what you can and cannot prove yet, and how you will measure next year.

WHAT THIS MEANS FOR YOU A credible, modest case beats an inflated one. Finance teams trust numbers that hold up when they check them.

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EARN YOUR PLACE WITH THE BOARD

Boards are paying closer attention. In S&P 500 proxy statements, audit committee descriptions that mention ESG or sustainability rose from 6 percent in 2021 to 22 percent in 2024, with nominating and governance committees taking the lead on sustainability oversight.¹⁶ KPMG found that 56 percent of the world's 250 largest companies have a dedicated sustainability leader.¹⁷

Disclosure raises the bar for evidence. In a study of about 1,400 companies, 97 percent disclosed some sustainability information in 2024, and 75 percent obtained assurance, an independent check of those disclosures, up from 73 percent the year before.¹⁸ The global sustainability assurance standard, ISSA 5000, takes effect for periods beginning on or after December 15, 2026.¹⁹ Your data may soon be reviewed with the same care as financial data.

 FROM THE RESEARCH

Eccles, Ioannou, and Serafeim, Management Science, 2014. Matched sample of 180 U.S. companies.²⁰

In high-sustainability companies, boards were more likely to be formally responsible for sustainability, and top executive pay was more likely to depend on sustainability metrics. Over the long term, these companies significantly outperformed their peers in both stock market and accounting performance.

Why it matters. Board ownership was part of what the strongest performers shared. Ask for a clear board home for your work and a regular slot on its agenda.

THE OLD APPROACH	THE APPROACH THAT WORKS NOW
Justify the budget with last year's grant list.	Justify it with outcomes tied to material business issues.
Spread small grants across many causes.	Fund fewer, deeper partnerships with measures agreed up front.
Report dollars and volunteer hours.	Report results your CFO and board can explain and verify.
Lean on the tax deduction as the rationale.	Make the case on business and community value, with tax as one input.
Own the program alone.	Share ownership with finance, HR, legal, and business leaders.

Funding follows trust. Trust follows relationships. Relationships follow collaboration.

PROTECT THE PEOPLE DOING THE WORK

Social impact teams are carrying more with the same people. Headcount was flat at 72 percent of companies in ACCP's 2026 research, though employee engagement budgets rose at 30 percent of companies and were cut at only 12 percent.² As reported by ESG Dive, 64 percent of CSR departments went through restructuring of some kind, 27 percent had a change in leadership, 42 percent reported closer integration with human resources, and 33 percent reported added legal oversight.²¹

Equity work is being reorganized as well. ACCP reports that inclusion work is increasingly moving into HR and employee resource groups, and 58 percent of teams are reframing how they talk about their work.² Among S&P 100 companies, 53 percent adjusted their DEI messaging in 2025 filings, and S&P 500 companies citing DEI metrics in executive pay fell from 68 to 35 percent. The Conference Board notes that "This shift in public disclosure doesn't signal companies are abandoning DEI."²²

Technology can take some load off. Ninety-three percent of teams now use AI in some form, up from 53 percent two years earlier, yet only 29 percent use it for grant report analysis and 13 percent for grantee review.²

FROM THE RESEARCH

Bode, Singh, and Rogan, Organization Science, 2015. Study of about 10,000 employees at a global consulting firm.²³

Employees who took part in an initiative with social impact goals were more likely to stay with the firm.

Why it matters. Retention is a number your CFO already tracks. Connect employee programs to it, and protect the people who run them.

WHAT THIS MEANS FOR YOU Burnout is a business risk. Ask for what the job now requires: clear priorities, shared ownership with HR and legal, and tools that remove routine work.

FOR YOUR COMMUNITY PARTNERS

Your budget decisions land on real balance sheets. In a 2025 Nonprofit Finance Fund survey, more than half of nonprofits had three months or less of cash on hand, and 36 percent ended 2024 with an operating deficit, the highest share in ten years of that survey.²⁴ In Center for Effective Philanthropy research published in January 2026, 68 percent of nonprofits reported losing funding from at least one source.²⁵ In 2026, 39 percent reported a deficit for fiscal year 2025, and 73 percent of CEOs reported increased demand for services.²⁶

Many funders are adjusting how they give. Forty-two percent of foundations report making more unrestricted grants than before 2025.²⁷ If your company moves to fewer, larger grants, the partners you keep gain depth, and the ones you leave need time to replace you.

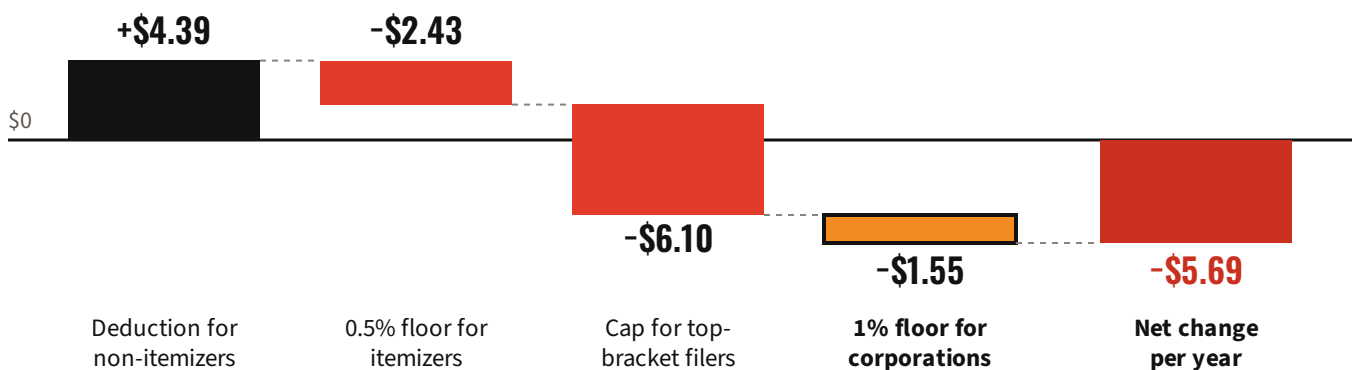
- **What they need from you:** early word on budget changes, a few measures agreed at the start, reporting sized to the grant, and multiyear or flexible support where you can offer it.
- **What they can do to be ready:** know their months of cash, show outcomes your leaders can explain, connect their work to your company's priorities, and keep a plan for losing any single funder.

WHAT TO WATCH NEXT

The federal tax law takes full effect in 2026, and researchers have modeled its long-run effect on giving. The corporate floor is one of four changes. Together they point to slightly fewer dollars and many more donors.

HOW THE 2025 TAX LAW CHANGES ANNUAL GIVING

Modeled long-run annual effect compared with prior law, in billions of dollars. The corporate floor is outlined.



Also projected: about 8 million more U.S. households giving each year.

Figure 4. Forecast. Source: Indiana University Lilly Family School of Philanthropy with CCS Fundraising, Philanthropy Outlook, March 2026. Estimates are long-run annual effects, not predictions for a single year.¹⁰



EMPLOYEE VOLUNTEERING

Expected to grow

57 percent of corporate philanthropy leaders expect volunteering to grow, against 5 percent who foresee a decline.⁸



CASH GRANTS

Roughly even

21 percent of leaders expect to reduce cash grants and 19 percent expect to increase them.⁸



MEASUREMENT DEMANDS

Rising

Practitioners ranked impact measurement and storytelling demands among the top trends for 2026, and 66 percent already face more of it.^{6,2}



TAX LAW EFFECT

Still unsettled

As of July 2026, 45 percent of companies were unsure or still discussing how the law affects them.²

COLLABORATION FOR GOOD OUTLOOK

Flat budgets are likely to remain the norm for most teams in the year ahead, with a minority growing and a minority cutting. The 1 percent floor is a real but modest drag on corporate giving, and because many companies are still deciding how to respond, shifts in the timing of gifts are likely to show up before clear changes in totals. Employee volunteering looks set to gain ground faster than cash, and demands for measurement are likely to keep rising as assurance spreads. The teams most likely to hold or grow their budgets will be the ones that tie their work to material business issues, bring finance and legal in early, and report outcomes leaders can verify.

Our analysis, based on the sources cited in this section. Not a prediction from any single source.

TALK IT THROUGH

1. If your CFO asked what the company gets for this budget, what would you say in two minutes, and what evidence would back it up?
2. How much of your company's giving falls under the new 1 percent floor, and who on the tax team knows?
3. Which two or three issues are most material to your business, and does your portfolio reflect them?
4. Who on your board owns this work, and when did they last see results?
5. What would your top five community partners do if your support dropped next year?

START THIS WEEK

- ☐ Book 30 minutes with your tax lead to model the 1 percent floor against this year's giving.
- ☐ Rewrite your budget summary around outcomes and business measures, with activity numbers as support.

- ☐ Pick one outcome per major program that finance could verify, and start tracking it.
- ☐ Ask which board committee oversees your work, and request a standing agenda slot.
- ☐ List every task your team repeats monthly and flag which ones a tool could take on.
- ☐ Tell your largest partners, early, what your budget outlook means for them.

Funding remains available, but expectations have changed. The organizations that adapt to those expectations will be the ones communities can count on.

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This guide provides general information and is not legal, tax, or financial advice. Figures reflect sources available as of September 2026.

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