

Dalberg

# SHIFTING PRACTICES, SHARING POWER?

How the US philanthropic sector is  
responding to the 2020 crises

SEPTEMBER 2020

IN  
PARTNERSHIP  
WITH



COUNCIL on FOUNDATIONS

PHILANTHROPY CA  
An Alliance of Northern California, Southern California and San Diego Grantmakers



## EXECUTIVE SUMMARY



2020 has been a year of **multiple, compounding, and ongoing crises in the US**, in the form of direct and indirect effects of Covid-19 as well as the rightful calls for racial justice from communities across the country. Dalberg Advisors, the Council on Foundations, and Philanthropy California **surveyed 250 foundation leaders in July 2020** to understand how the US philanthropic sector is responding to these events. We supplemented survey findings with **in-depth interviews** with fourteen foundations.



We assessed how the sector is changing in three ways: resources, priorities, and internal operations. Across all three, we found **shifts in practices** (e.g., approximately 60% of respondents are increasing giving beyond planned 2020 levels, with an average increase of ~17%), yet **few examples of increases in power sharing** through ceding decision making, control, space, and wealth to historically marginalized communities.

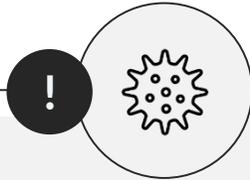


Interviewees and survey respondents pointed out that **truly sharing power will require critical steps** (interrogating one's power and privilege; hiring, promoting, funding, and listening to BIPOC leaders; making investment decisions based on values and principles; and leveraging one's full financial power to advance the mission) as well as **fundamental shifts in practices** (devolving and diversifying decision-making power, supporting emerging collaborations and cross-sectoral partnerships, making public commitments for accountability, and using all forms of philanthropic capital, including resources, voice, and networks).

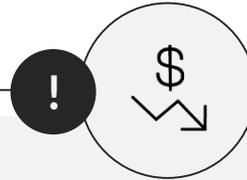


Responding effectively to these crises will require all this and more. **Foundations and organizations that have been doing this work prior to 2020 are already leading the way.** Our organizations will continue to monitor the situation, share information and learnings, and support the sector through this pivotal moment.

# 2020 HAS BEEN A YEAR OF MULTIPLE, COMPOUNDING, AND ONGOING CRISES THAT ARE AFFECTING MILLIONS OF AMERICANS



More than **182,000** dead and nearly **6 million** cases of **Covid-19** across all 50 states as of end of August, with **~40,000** new cases daily<sup>1</sup>



An estimated **33% annual rate decrease in real GDP** in the second quarter of 2020, and **18 million out of work** by the end of June, with a disproportionately negative impact on Black, Indigenous, and People of Color (BIPOC)<sup>2, 3, 4</sup>



Up to 26 million people protesting in the streets following the **racist murders of Black Americans**, building on the longstanding scourge of systemic racism and **inequities highlighted by Covid-19<sup>5</sup>**

*These crises call for a rapid and strong response from all our institutions, including philanthropy*

Notes: [1] Centers for Disease Control and Prevention, "Cases in the U.S.," August 2020. [2] Bureau of Labor Statistics, "The Employment Situation – June 2020," July 2, 2020. [3] Bureau of Economic Analysis, "Gross Domestic Product, 2<sup>nd</sup> Quarter 2020 (Advance Estimate) and Annual Update," July 30, 2020. [4] Economic Policy Institute, "Black workers face two of the most lethal preexisting conditions for coronavirus- racism and economic inequality," June 1, 2020. [5] The New York Times, "Black Lives Matter May Be the Largest Movement in US History," Jul 3, 2020.

# THESE CRISES ADD WEIGHT TO LONGSTANDING CALLS FOR PHILANTHROPY TO SHIFT PRACTICES AND SHARE POWER



## WHY SHIFT PRACTICES?

- As philanthropy has endeavored to more precisely measure impact,<sup>1</sup> philanthropic practices have become more **short-term and project-based while placing increasing demands on grantees**. In addition, the sector status quo has been for many foundations to disburse at the minimum payout rate of 5%<sup>2</sup>
- Shifts in investment and giving practices, strategy development, or operations, can **allow foundations and their grantees to respond more nimbly to emerging needs and work towards longer-term goals**

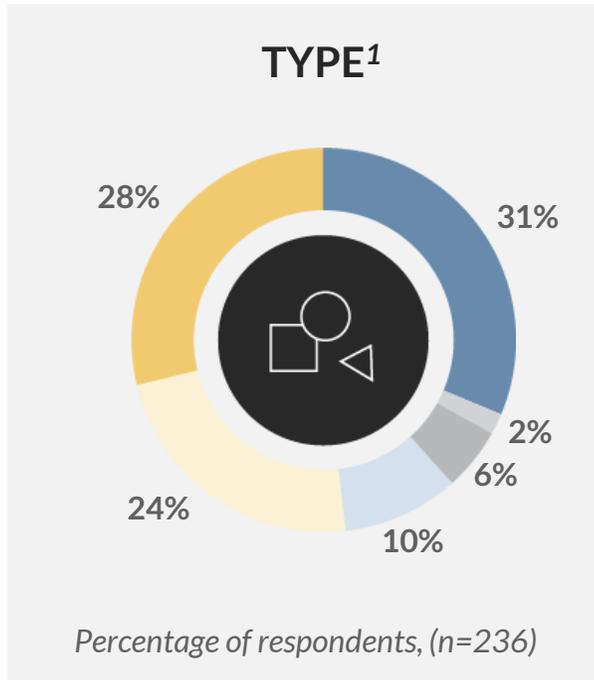


## WHY SHARE POWER?

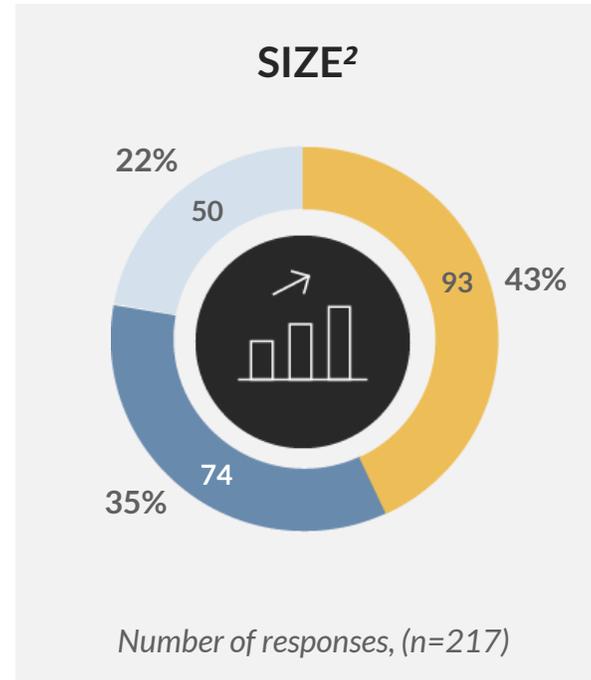
- **The philanthropic sector's power is rooted in wealth and influence**—US foundations hold \$890 billion in assets.<sup>3</sup> Furthermore, these institutions tend to be majority white-led, with 90% of foundation CEOs reported as white,<sup>4</sup> and perpetuate or reinforce white dominant culture
- Sharing power by ceding decision making, control, space, or wealth to historically marginalized communities, particularly BIPOC, **enables individuals and communities to shape solutions to advance equity and justice**

The crises in 2020 have increased calls for more philanthropic institutions to shift existing practices and to ultimately share power to build an equitable future

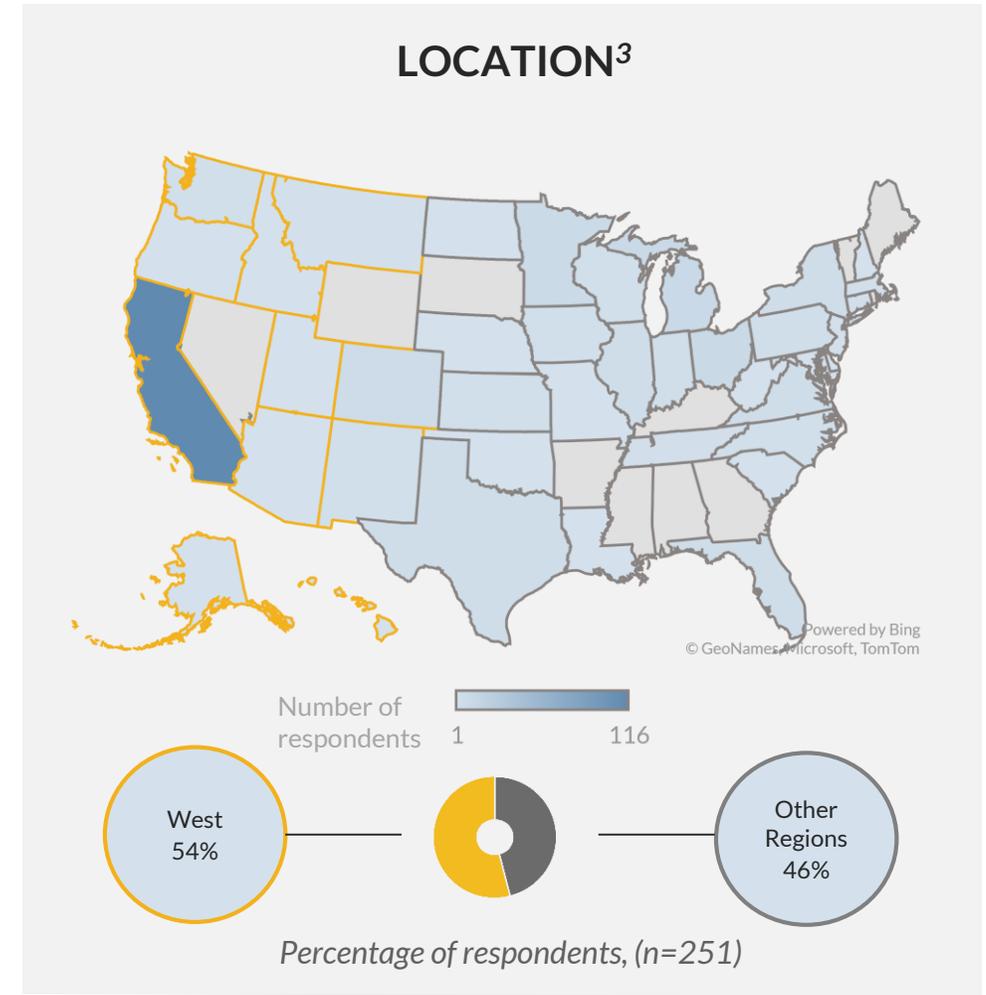
# TO UNDERSTAND THE ACTIONS AND INTENTIONS OF US PHILANTHROPY IN RESPONSE TO THESE CRISES, WE CONDUCTED A NATIONAL SURVEY OF OVER 250 FOUNDATIONS



- Community foundation
- Corporate foundation
- Family foundation
- Independent foundation
- Public grantmaking charity
- Other



- Large: >\$100M in total assets
- Medium: between \$10M and \$100M in total assets
- Small: <\$10M in total assets



Notes: [1] Excludes foundations where type was not available in source data. In the following analysis we categorize organizations as either community, family, or independent foundations due to small n sizes for other types. [2] Excludes foundations whose assets size is not listed in the Candid Foundation Directory, CoF membership data, or PCA membership data. [3] Survey respondents categorized according to Census Bureau-designated regions.  
Sources: Candid Foundation Directory, CoF membership data, PCA membership data, "Responding to Crisis: Philanthropic Barometer Survey," collected July 20, 2020.

# WE ASSESSED THREE TYPES OF SHIFTS IN PRACTICES, AND USED SURVEY RESULTS AND IN-DEPTH INTERVIEWS TO UNEARTH INDICATIONS OF SHARING POWER

## ONGOING SHIFTS IN:

1

### RESOURCES

How are philanthropic funding levels evolving due to the crises in 2020?

2

### PRIORITIES

Where are foundations directing their resources and attention as a result of the crises in 2020, with a specific focus on racial equity?

3

### INTERNAL OPERATIONS

How are the crises in 2020 impacting internal operations?

## INDICATIONS OF SHARING POWER:



The icon to the left marks instances when findings suggested opportunities for foundations to shift practices sufficient to truly share power by ceding decision making, control, space, or wealth over the long term to historically marginalized communities—particularly BIPOC

# OUR FINDINGS SUGGEST THAT FOUNDATIONS HAVE MADE SIGNIFICANT SHIFTS TO THEIR PRACTICES IN RESPONSE TO THE CRISES OF 2020

1

## SHIFTS IN RESOURCES

- Approximately 60% of respondents are increasing giving beyond planned 2020 levels, with an average increase of ~17%
- For those with endowments, changes in giving are largely driven by increases in payout, as more foundations opt to move beyond the typical 5% rate
- Where respondents are making changes to endowment management practices, 67% are initiating or expanding mission-related investments

2

## SHIFTS IN PRIORITIES

- Respondents plan to direct about a quarter of 2020 giving to Covid-19, demonstrating a rapid shift in focus in response to the pandemic
- Less than one-third of Covid-19 funding is expected to go toward healthcare; respondents are instead prioritizing funding for broader economic recovery including community building as part of a racial equity focus
- Though a smaller shift, we found an additional 11% of respondents report racial equity is now a key or primary focus of their work following the crises compared to at the beginning of the year

3

## SHIFTS IN INTERNAL OPERATIONS

- Over 85% of respondents are adopting flexible grantmaking practices for existing grantees
- Beyond loosening restrictions, 30% of respondents making changes are also offering support “beyond the check,” through technical assistance to grantees
- Respondents have also adjusted operations in order to support staff, in some cases offering stipends and flexible hours to maintain wellbeing and mitigate difficulties of remote work

# WHILE A FEW RESPONDENTS ARE MAKING SIGNIFICANT STRIDES TOWARDS SHARING POWER, WE FIND THERE IS STILL MORE TO DO FOR SYSTEMIC CHANGE



## INDICATIONS OF MORE TO DO TO SHARE POWER...

1

### SHIFTS IN RESOURCES

- Only ~20% of those with endowments are proposing new investment practices, such as mission-related investments (MRIs) or investing through a racial equity lens, to leverage the “other 95%” in redistributing power through investments
- Interviews and survey responses highlight a hesitance to give more now as it would restrict respondents’ ability to continue to support their mission into the future

2

### SHIFTS IN PRIORITIES

- Though 60% of respondents report a focus on Black communities, respondents perceive that their internal policies and frameworks for racial equity work are still lacking. This likely represents a barrier to authentic pursuit of racial equity and power sharing over the long term
- Lack of diversity in foundation leadership and the communities some foundations serve may also restrict abilities to meaningfully share power with diverse marginalized groups

3

### SHIFTS IN INTERNAL OPERATIONS

- While 52% of respondents stated they are actively considering new internal processes, including Diversity, Equity, and Inclusion (DEI)— indicating a desire to explore sharing power within the organization— only 17% of respondents are increasing delegation of decision making to program officers as a sign of internal power sharing
- Additionally, only 13% of respondents reported an increased commitment to hiring BIPOC



Image: Fort Belvoir Community Hospital

# 1. RESOURCES

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- Of foundations surveyed, **~60% are planning to increase their giving** in absolute terms in response to the crises of 2020
- Those that are increasing giving are doing so by an **average of 17% of their planned 2020 giving**
- For endowed foundations, budget increases are primarily a result of **increases to payout rates**
- Respondents' **concerns about their ability to support their mission in the future** is inhibiting their willingness to give more now

# NEARLY 60% OF RESPONDENTS PLAN TO INCREASE THEIR GIVING IN 2020 IN RESPONSE TO THE CRISES, WITH AN AVERAGE INCREASE OF 17%

## Expected change in funding

Percentage of foundations reporting, (n=250)

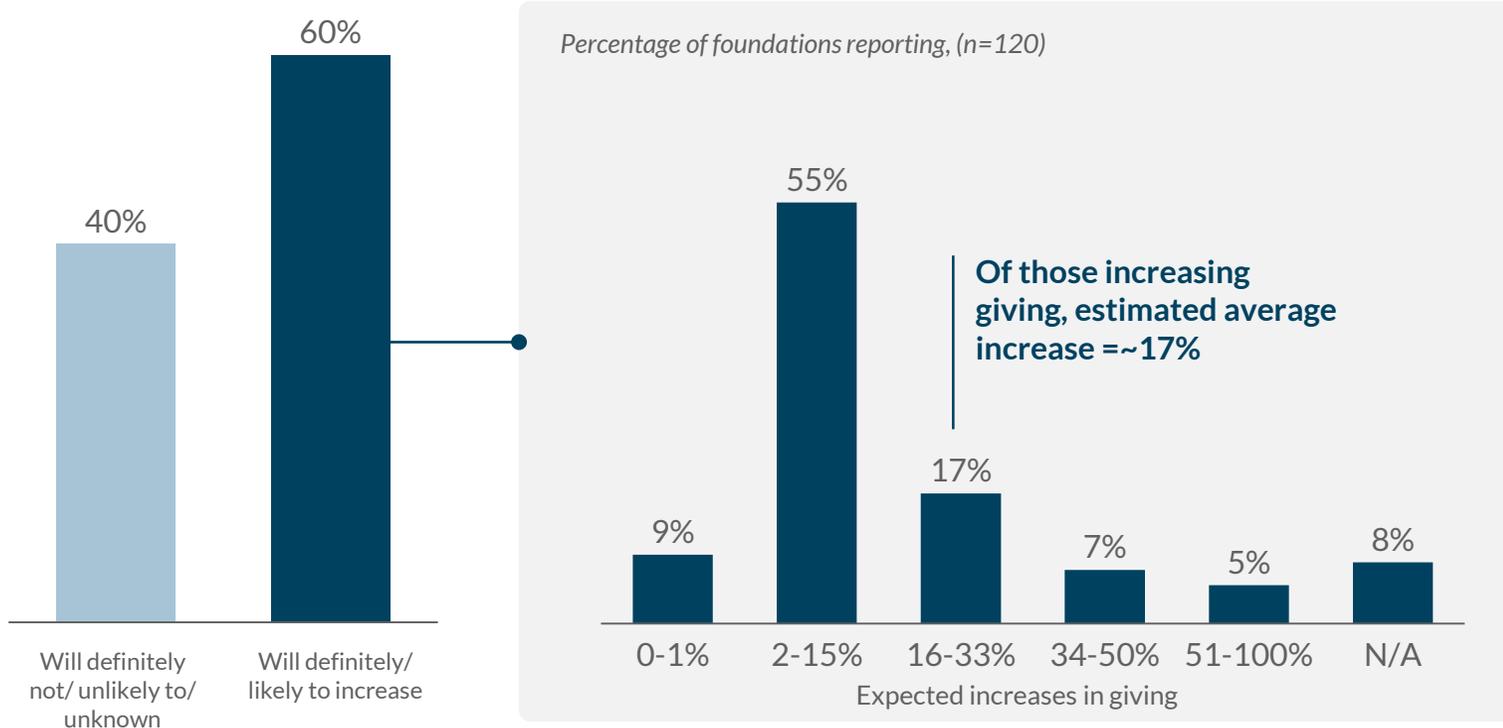
## Enablers of increased giving

Interviews pointed to common enabling factors that have led to increases in giving, including:

- A set of clear principles and values across staff, leadership, and board members to expediate decision making
- Partnerships and collaborative funding mechanisms to help identify needs and facilitate distribution of resources
- Established frameworks and foresight based on previous experiences to guide how to disburse funds rapidly

For foundations that have yet to increase giving, putting in place the above enablers will be critical to supporting nonprofits that have experienced a dramatic decrease in earned revenue.

*Do you expect that your 2020 giving will increase in absolute terms relative to your original 2020 budget?*

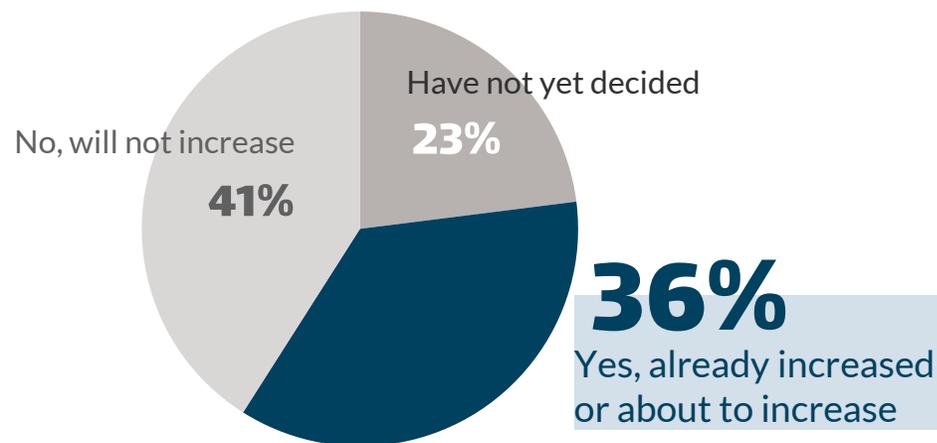


# FUNDING FOR THE BUDGET INCREASES IS PRIMARILY COMING FROM HIGHER PAYOUT RATES, THOUGH SOME RESPONDENTS ARE EXPERIMENTING WITH OTHER APPROACHES

## Changes in payout

Percentage of foundations reporting, (n=207)

*Is your foundation increasing its 2020 endowment payout in response to events of 2020?*



- Respondents that shared payout increases included changes ranging from 0.5 to 10.5 percentage points<sup>1</sup>
- Interviews suggest the importance of prior conversations with the Board about the foundation's values and how these link to payout rate

## Other management approaches



About one-fifth of respondents with endowments are adopting new approaches to management. Of those foundations:

- 67% are initiating or expanding mission-related investments (MRIs)
- 12% are adjusting non-mission-related portfolio allocations (e.g., away from certain assets or sectors)
- 10% are increasing non-MRI environmental, social, and governance (ESG) investments

In addition to the changes above, 7% are turning to creative debt financing approaches, including issuing bonds, to expand available resources.

Note: [1] The sample size for the change in payout rate is 38 foundations.

Sources: Dalberg, PCA, and CoF, "Responding to Crisis: Philanthropic Barometer Survey," collected July 20, 2020, and interviews with 13 respondents.

# COMMUNITY FOUNDATIONS ARE INCREASING GIVING BY A HIGHER PERCENTAGE, LIKELY AS PART OF THEIR IMMEDIATE RESPONSE ROLE



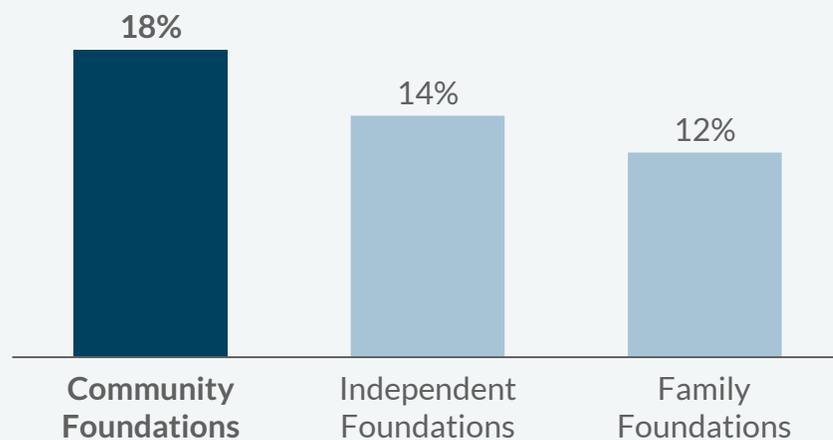
## SPOTLIGHT: Giving by foundation type

### What are the findings by type?

While independent and family foundations are more likely to increase giving (~66%) than community foundations (60%), community foundations on average are increasing their giving by a higher percentage.

*By how much do you expect your 2020 spending to increase, on average?*

*Average increase in spending by Foundation type, n=198*



### Why might we see these differences?

- More than 500 community foundations across the US have created relief funds that have collectively mobilized more than \$1 billion, signaling that community foundations are likely increasing giving the most to respond to immediate needs
- Additionally, donor-advised funds (DAF) are central to how community foundations function, and DAF grantmaking surged in response to Covid-19, up 80% March–May over the same period in 2019

*“We were used to pivoting and stopping everything and working in response to disaster.... We opened a Covid-19 fund on March 16th and had strong partnerships with funders who we reached out to.... By June 30th we had given out about \$2.5 million.”*

*- Community foundation leader*

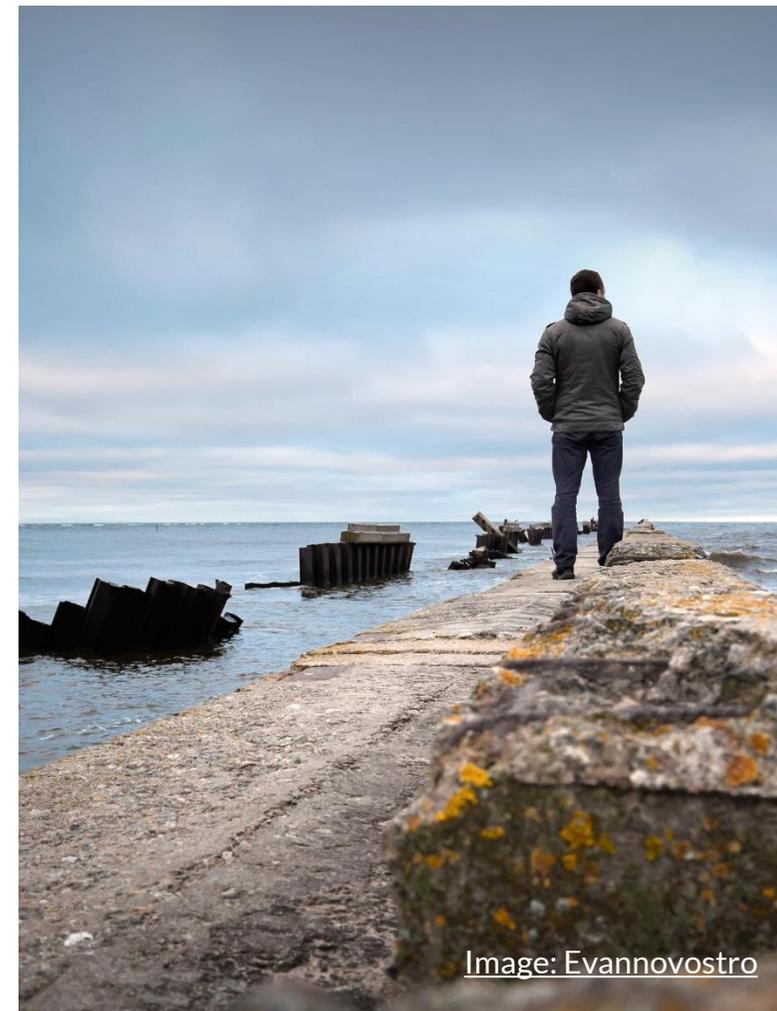
## MANY RESPONDENTS ARE HESITANT TO INCREASE GIVING NOW FOR FEAR THAT DOING SO MIGHT RESTRICT THEIR ABILITY TO SUPPORT THEIR MISSION IN THE FUTURE



“Increasing payout now could decrease intergenerational equity... With climate change, many board members don't believe we have seen the worst yet. The concern is still in front of us, so we want to keep our ability to respond later.”

“We had already increased payout but wouldn't do more...in order to meet the needs of our mission down the road.”

“Payout is very dependent on mission; for example, with an immediate crisis like climate change it makes sense to spend quickly, but our mission is evergreen—we're always going to be supporting communities.”



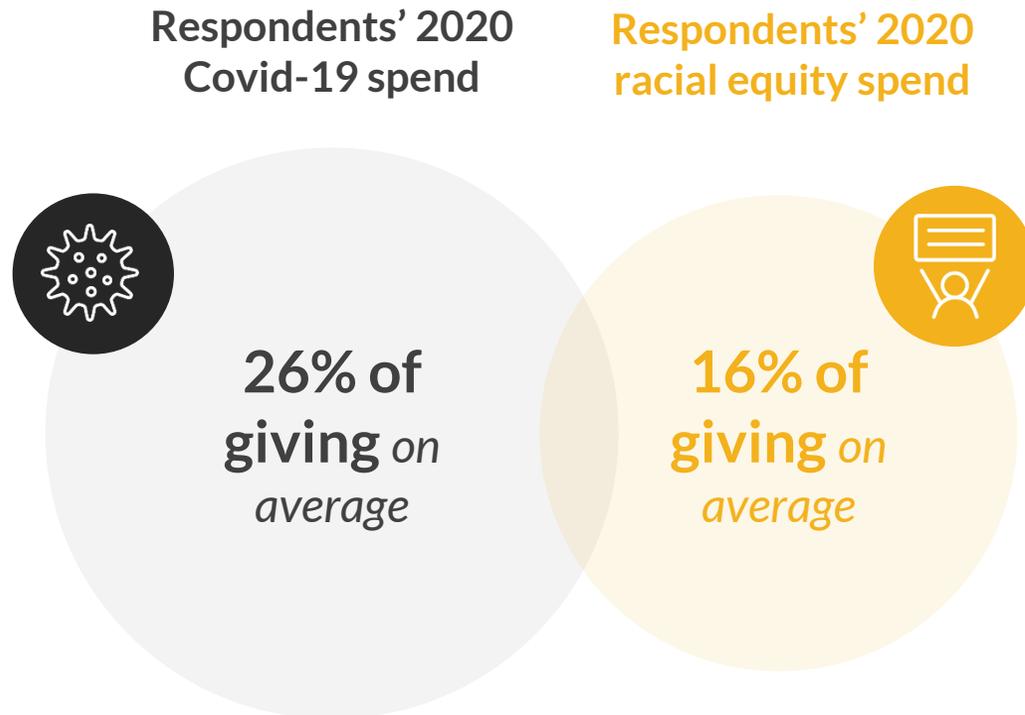


## 2. PRIORITIES

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- Respondents now expect 26–42% of 2020 giving will go to Covid-19 response, racial equity, and the intersection of the two
- Less than one-third of Covid-19 giving will go to healthcare efforts, demonstrating that giving is primarily directed toward broader socioeconomic impacts of the pandemic
- An additional 11% of respondents report racial equity as a key or primary focus now compared to the start of 2020
- 60% of respondents' racial equity work centers on Black communities, with at least 25% considering black women / girls and black LGBTQIA+ people in grantmaking
- Respondents perceive internal policies and tools for advancing racial equity as relatively lacking, which may limit their abilities to implement a racial equity focus in their work

# RESPONDENTS ARE DIRECTING THEIR 2020 SPENDING AT COVID-19 RESPONSE, RACIAL EQUITY, AND THE INTERSECTION OF THE TWO



The combined expenditure on Covid-19, racial equity, and their intersection is expected to make up

**26%-42% of 2020 giving**

Though it is not clear how much money falls into the intersection of Covid-19 and racial equity, **this giving is critical as BIPOC are disproportionately affected** by the health and economic impacts of Covid-19<sup>1</sup>

Sources: [1] Centers for Disease Control and Prevention, "Health Equity Considerations and Racial and Ethnic Minority Groups", July 24, 2020. Dalberg, PCA, and CoF, "Responding to Crisis: Philanthropic Barometer Survey," collected July 20, 2020, and interviews with 13 respondents; Philanthropic Initiative for Racial Equity in partnership with Race Forward and Foundation Center, 2017; Emergent Pathways LLC prepared for ABFE, "The Case for Funding Black-Led Social Change. Redlining by Another Name: What the Data Says to Move from Rhetoric to Action," 2019.

# RESPONDENTS ARE LIKELY GIVING MORE TO RACIAL EQUITY IN 2020, BUT CORPORATE FOUNDATIONS AND INDIVIDUALS APPEAR TO BE DRIVING SIGNIFICANT FUNDING CHANGES



## SPOTLIGHT: Contextualizing our findings on racial equity giving

Historical data suggest that up to half of respondents' giving to racial equity may be new...

- Annual giving focused on BIPOC never exceeded 8.5% of total giving between 2005 - 2014, according to analysis by the Philanthropic Initiative for Racial Equity (PRE) and Race Forward, but reached 10% in 2016 showing a small increase

Respondents' 2020 racial equity spend

*Based on 168 funders across type, size, and location*



...while across the sector, corporate foundations and individual philanthropic actors are making large, public donations

- Candid reports that 2020 funding for racial equity (\$4.2 billion to date) has already surpassed total funding from 2011-2019 (\$3.3 billion)
- Corporate foundations are driving much of the increase, moving from 6% of total funding in 2011-2019 to 79% in 2020
- At the same time, several individual philanthropic actors are making large gifts towards racial equity
- These findings indicate that **the broader sector** of community, independent, and family foundations **may not be increasing giving at the same pace as corporate foundations and a few individual actors**

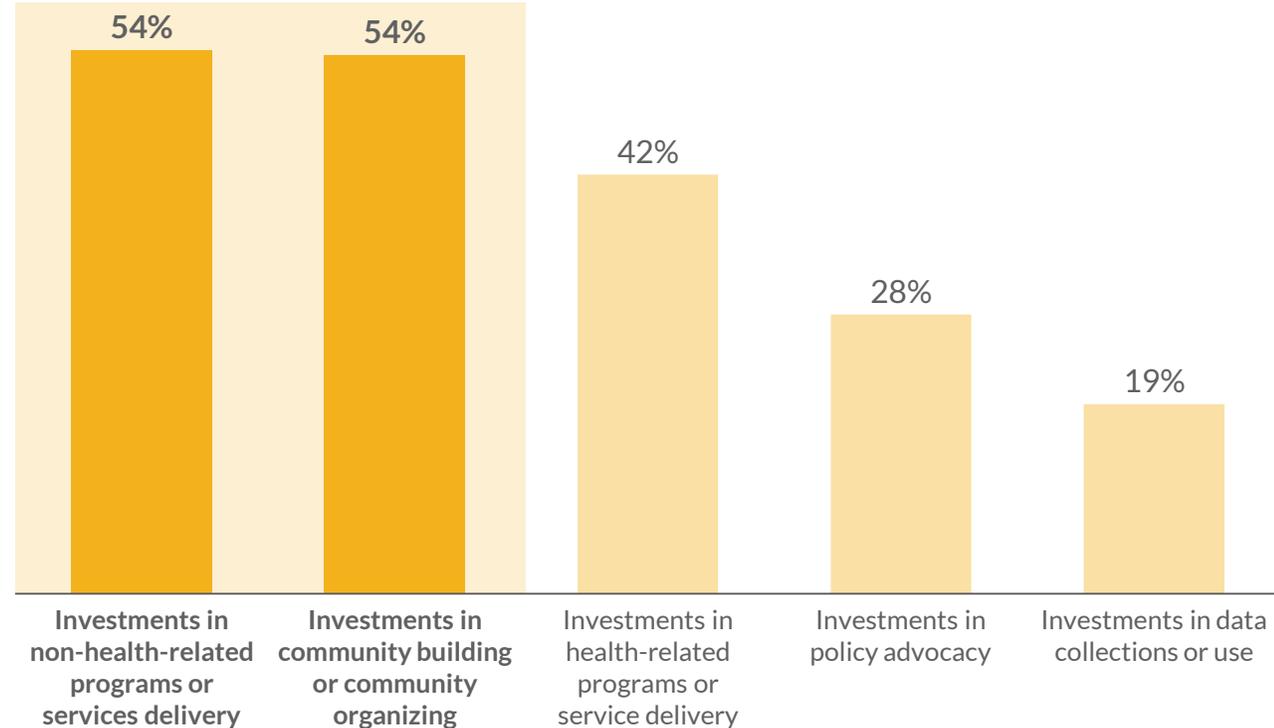
# FUNDING FOR COVID-19, INCLUDING INTERSECTIONS WITH RACIAL EQUITY, IS AIMED AT ADDRESSING BROADER IMPACTS ON COMMUNITIES RATHER THAN THE HEALTHCARE RESPONSE

## Investments in Covid-19 response

- Though 26% of respondents' giving is going to Covid-19 response, **less than one third of this will be directed to healthcare efforts** (7% of total 2020 giving on average)
- Large foundations are giving slightly more to healthcare response (11% of 2020 giving on average) as compared to small and medium foundations
- As part of their response to Covid-19 and a focus on racial equity, **more than half or respondents are investing in non-health related programs or services and community building**
- This indicates that respondents are prioritizing responses to broader impacts on communities

## Investments in racial equity and Covid-19 Percentage of foundations reporting, (n=192)

*How do you characterize your investments (grants or impact investments) in racial equity for Covid-19?<sup>1</sup>*



Notes: [1] Where respondents included a description of an area of focus, these were categorized according to the five categories in the chart or removed if they represented a duplicate response. Investments to support access to food were included as "investments in health-related programs or service delivery".  
Sources: Dalberg, PCA, and CoF, "Responding to Crisis: Philanthropic Barometer Survey," collected July 20, 2020, and interviews with 13 respondents.

# WHILE RESPONDENTS ARE EAGER TO ACT FOLLOWING PUBLIC CALLS FOR RACIAL JUSTICE, WE DO NOT SEE A LARGE INCREASE IN FOCUS ON RACIAL EQUITY

*"We don't want to let this moment pass without responding."*

- Community foundation leader

*"I'm going to suggest we do multi-year investments in BLM-affiliated organizations."*

- Private family foundation leader

*"We cannot not do this work. Staff are chomping at the bit for it. For us to do nothing would be negligent."*

- Community foundation leader

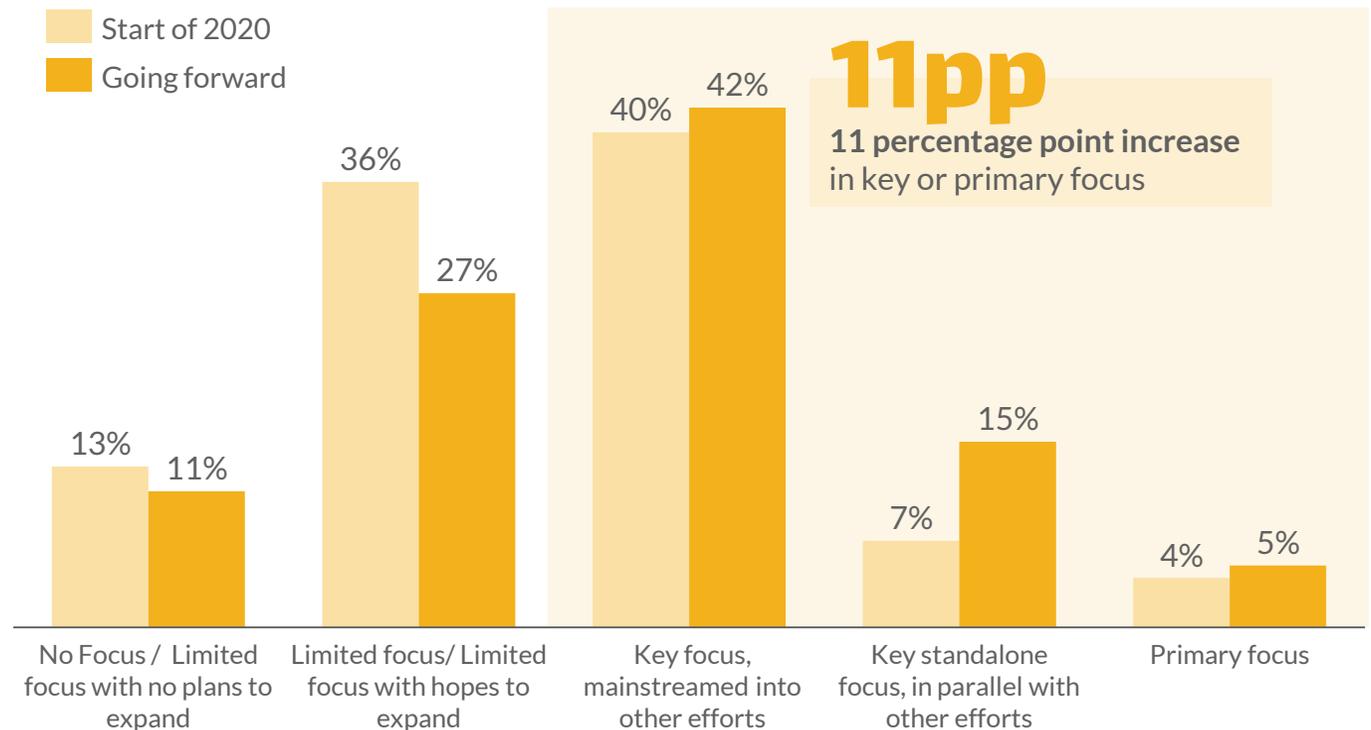
*"Instead of jumping to a set of grants we have focused on introspection on how our processes are perpetuating inequities to begin with."*

- Private foundation leader

## Change in focus on racial equity

Percentage of respondents, (n=202)

*How would you describe your focus on racial equity at the start of 2020 and going forward?*



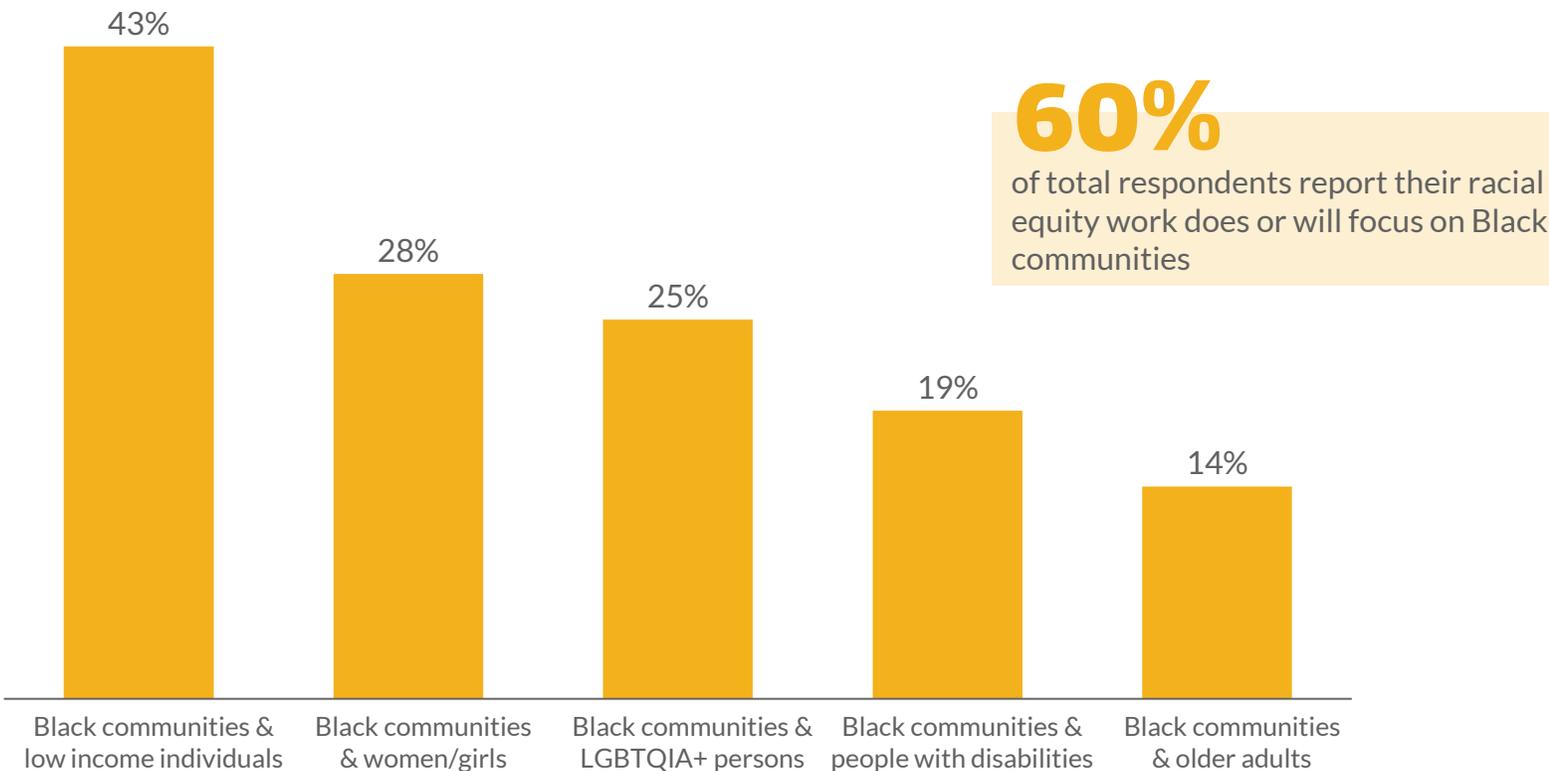
# AS PART OF THEIR WORK, RESPONDENTS REPORT A FOCUS ON BLACK COMMUNITIES AND ARE CONSIDERING INTERSECTIONS WITH OTHER MARGINALIZED POPULATIONS

## Focus on Black communities and other identities



Percentage of respondents, n=207

### Which specific demographics does or will your racial equity work focus on?



- Survey data indicate that respondents are focusing on both Black communities and other marginalized populations
- While not a given, **this result suggests that some are applying an intersectional lens** by considering how to support people who hold these multiple identities
- It is important to see how this proposed level of focus on Black communities and key intersections affects grantmaking and reporting. Analysis by PRE shows only ~0.6% of domestic grant giving was reported as designated for women and girls of color in 2016<sup>1</sup>

Sources: [1] Philanthropic Initiative for Racial Equity, "What does philanthropy need to ask to deepen investments for racial and gender justice?," accessed August 3, 2020. Dalberg, PCA, and CoF, "Responding to Crisis: Philanthropic Barometer Survey," collected July 20, 2020, and interviews with 13 respondents; Alison Dahl Crossley, "Street Protest, Covid-19, and Intersectionality," Stanford Clayman Institute for Gender Research, June 2020; Tufts, The Fletcher School, "On Marginalized Populations and the Impact of Covid-19," April 2020.

# EFFORTS TO APPLY A RACIAL EQUITY FOCUS MAY BE LIMITED BY A PERCEIVED RELATIVE LACK OF INTERNAL POLICIES AND TOOLS

## Perceived presence of components of a racial equity focus



How would you characterize the following components of your racial equity focus on a scale of 1-5 (1 being absent, and 5 fully present)?  
Average response, (n=200)

Clarity on tools, frameworks, and approaches to advance social and racial equity



Existence of policies to create or maintain an anti-racist culture



Clarity & alignment around your goals regarding social and racial equity



Clarity on key needs and current funding levels in the community



Access to community voices and community leaders



Some components that pave the way for further progress include:

- Equity-aligned values, norms, and processes *internally* provide the basis to advance racial equity work *externally*
- Clear frameworks and evidence supporting equitable approaches increase backing from leadership, board members, and donors

*"We wouldn't be able to do the work without the incremental changes... it's hard to do external work without internal work."*

*"It's partly demonstrating through practice, and partly getting the board to listen to other people who do this ... We had to prove that the things we knew anecdotally are true."*

# COMMUNITY FOUNDATIONS ARE MORE LIKELY THAN OTHER FOUNDATION TYPES TO PERCEIVE THEMSELVES AS LACKING A SIGNIFICANT RACIAL EQUITY FOCUS



## SPOTLIGHT: Racial equity focus by Foundation type

### What are the findings by type?

A smaller proportion of community foundations in our sample report a racial equity focus than do other foundation types, while family foundations show the greatest increase in racial equity focus.

Respondents with a key or primary focus on racial equity

|             | Start of 2020 | ➔ | Now |
|-------------|---------------|---|-----|
| Community   | 38%           |   | 48% |
| Independent | 58%           |   | 67% |
| Family      | 54%           |   | 66% |

### Why might we see these differences?

- Community foundations are guided by the needs of the community served—as a result, some report limited diversity in the local population as a reason for a lack of focus on racial equity, but many are eager to address this
- Additionally, community foundations have been found to have less diverse professional staff and leadership—**82% of community foundation professional staff are white**, compared to 76% at family and 66% at independent foundations, and only 5% of community foundations have a person of color as CEO / president<sup>1</sup>

*“How [do we] best convene key stakeholders on this issue in our small, mostly white town? Our foundation would be bringing people together for the first time around this issue via zoom, since in-person isn't possible, which makes it an especially challenging way to begin the conversation.”*

- Community foundation leader

*“Our community is the least diverse community in the state...the board reflects the community we serve, which is certainly not enough. [Going forward], we consider our relevance to neighboring communities, which are more diverse.”*

- Community foundation leader

Notes: [1] Council on Foundations, “2019 Grantmaker Salary and Benefits Report,” 2019.

Sources: Dalberg, PCA, and CoF, “Responding to Crisis: Philanthropic Barometer Survey,” collected July 20, 2020, and interviews with 13 respondents.

## LOOKING AHEAD, RESPONDENTS HAVE SEVERAL KEY UNRESOLVED QUESTIONS ABOUT HOW TO MORE AUTHENTICALLY APPLY A RACIAL EQUITY FOCUS IN THEIR WORK



*How can we **build trusting relationships and partnerships** with agencies, community members, and organizers serving communities of color?"*

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*How can we fund this issue in a way that **promotes sustainable, meaningful change** and does not lead to inauthentic tokenism or something that feels responsive only to a particularly timely matter?"*

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*How do we **engage our trustees more effectively** in understanding these issues and their willingness to be **bold and forward thinking** as we address systemic changes that are needed?"*



### 3. INTERNAL OPERATIONS

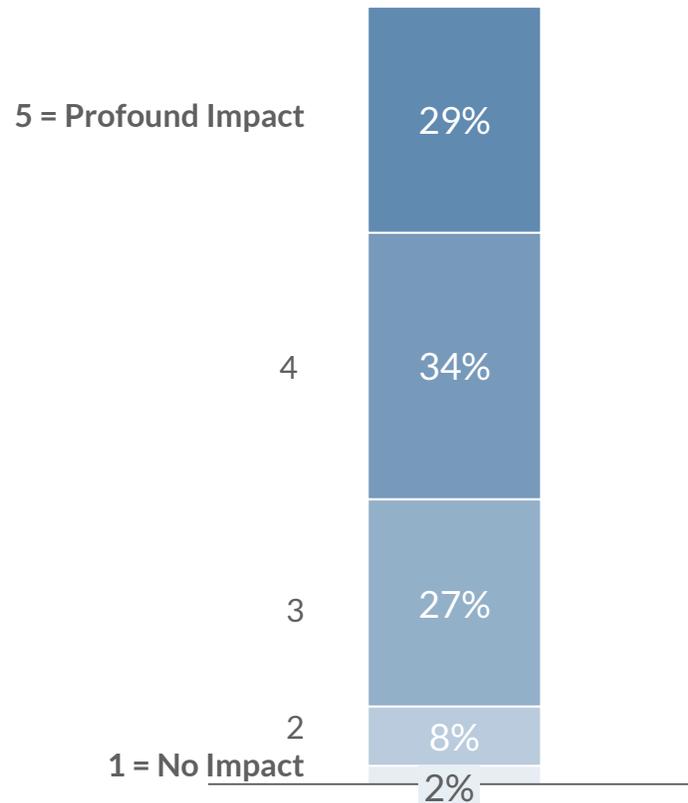
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- Almost 30% of respondents indicate that recent events have had a profound impact on their organizations, with major challenges including predicting the future and staff wellbeing
- Only 3% of respondents have cut staff benefits and 4% have reduced staff numbers, though this may change in the next year
- Most respondents (85%) have adopted flexible grantmaking practices for current grantees, with 74% loosening grant requirements
- Shifts in grantmaking processes may precede shifts in investment practices, as more respondents indicate greater interest in changing grantmaking processes in the one- to two-year horizon than in changing investment practices

# UNSURPRISINGLY, RESPONDENTS HAVE DEEPLY FELT THE IMPACT OF THE CRISES—30% REPORT A “PROFOUND” IMPACT ON THEIR ORGANIZATIONS

How much have the events of 2020 affected your foundation?

Percentage of foundations reporting, (n=210)



Respondents indicate...

“a significant impact on our *ability to fund other organizations*”

“concerns around *nonprofit leader burnout and capacity needs*”

“[as a community foundation] we have *limited if any resources to address one, let alone two, simultaneous crises*”

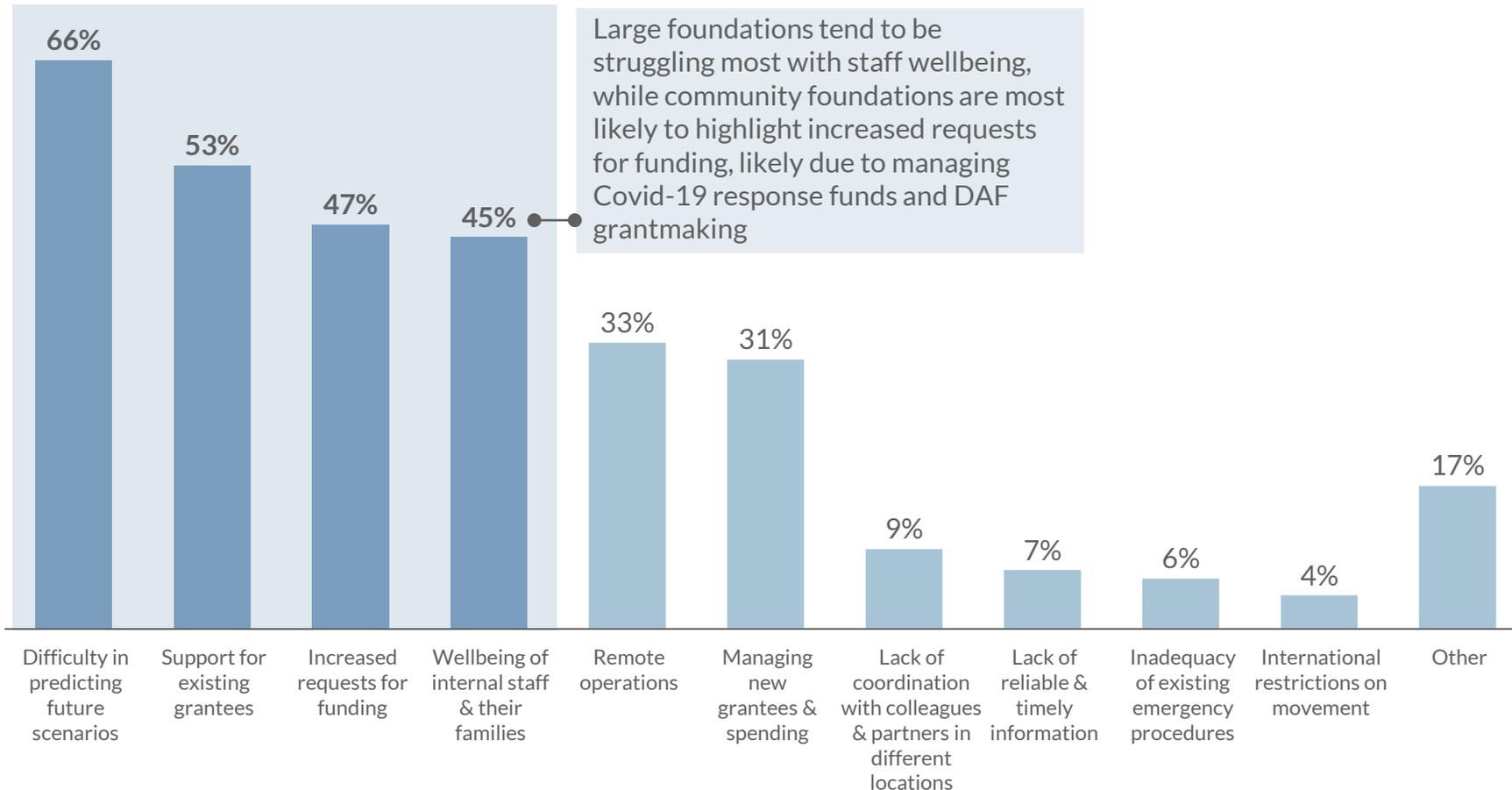


The crises have had a profound impact on a higher percentage of community foundations (40%) than any other foundation type, while larger foundations report a profound impact (38%) at twice the rate of smaller foundations (15%).

# WITHIN THIS CONTEXT, RESPONDENTS ARE SEEKING TO NAVIGATE UNCERTAINTY, SUPPORT WELLBEING OF STAFF AND GRANTEES, AND MANAGE NEW FUNDING REQUESTS

*What are the biggest operational pain points for your foundation right now?*

Percentage of foundations reporting, (n=206)



*“We were inundated with requests from non-profits that needed money immediately. We rushed to get dollars out.”*

*- Community foundation leader*

*“Due diligence is impossible, grantees are shifting gears as part of the emergency response, and so we have to go donor by donor to agree to loosen restrictions, which is time consuming.”*

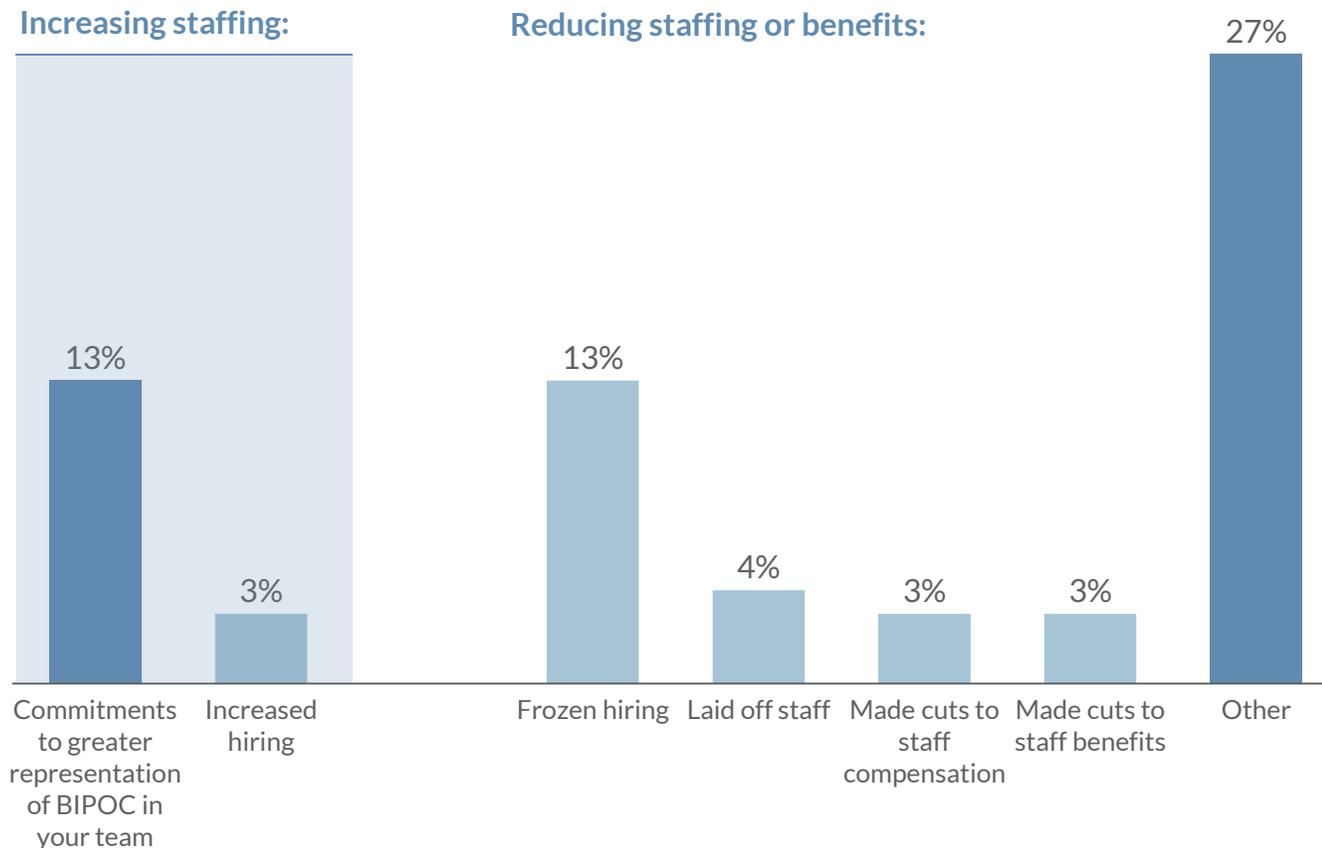
*- Community foundation leader*

Sources: Dalberg, PCA, and CoF, “Responding to Crisis: Philanthropic Barometer Survey,” collected July 20, 2020, and interviews with 13 respondents.

# IN RESPONSE TO THE CRISES, RESPONDENTS HAVE NOT NEEDED TO LAY OFF STAFF SO FAR; ONLY A FEW ARE MAKING COMMITMENTS TO RECRUIT MORE PEOPLE OF COLOR

Have the events of 2020 impacted the internal operations of your foundation? If yes, how?

Percentage of foundations reporting, (n=203)



- Overall, most respondents (57%) report no impact on operations in response to 2020 crises
- 13% are making commitments to increase BIPOC representation, suggesting a minority of foundations are changing immediate and long-term hiring practices to support shifts in power
- Within the category “other,” some respondents report changes to support staff through **flexible work hours and stipends for remote work needs**. However, comments on staff’s stress and mental health as well as the difficulties of remote work suggest that current stability may be fragile

# A TOTAL OF 87% OF RESPONDENTS HAVE ADJUSTED OPERATIONS FOR GRANTEES, MOSTLY BY LOOSENING RESTRICTIONS ON EXISTING GRANTS

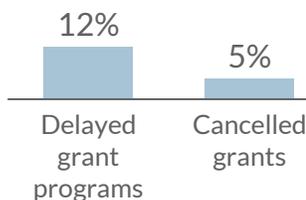
Have you shifted your operations regarding current grantees and previously awarded grants in response to the events of 2020? If yes, how?

**87%**

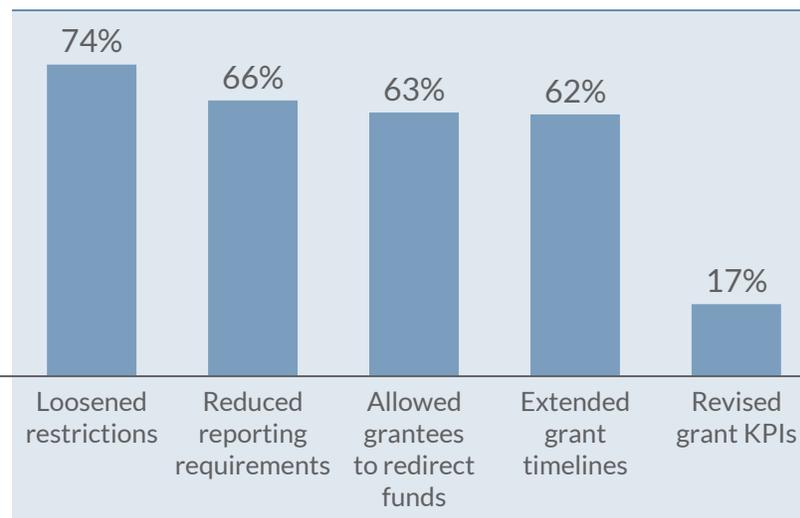
Reported shifting operations for current grantees, including...



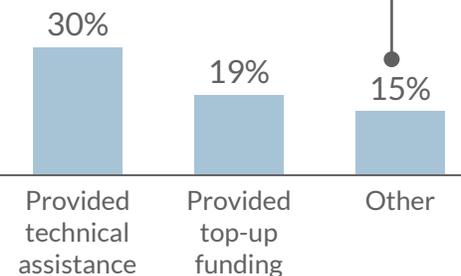
Reduced support:



Changes towards flexible grantmaking:



Additional support:



Percentage of foundations reporting, (n=210)

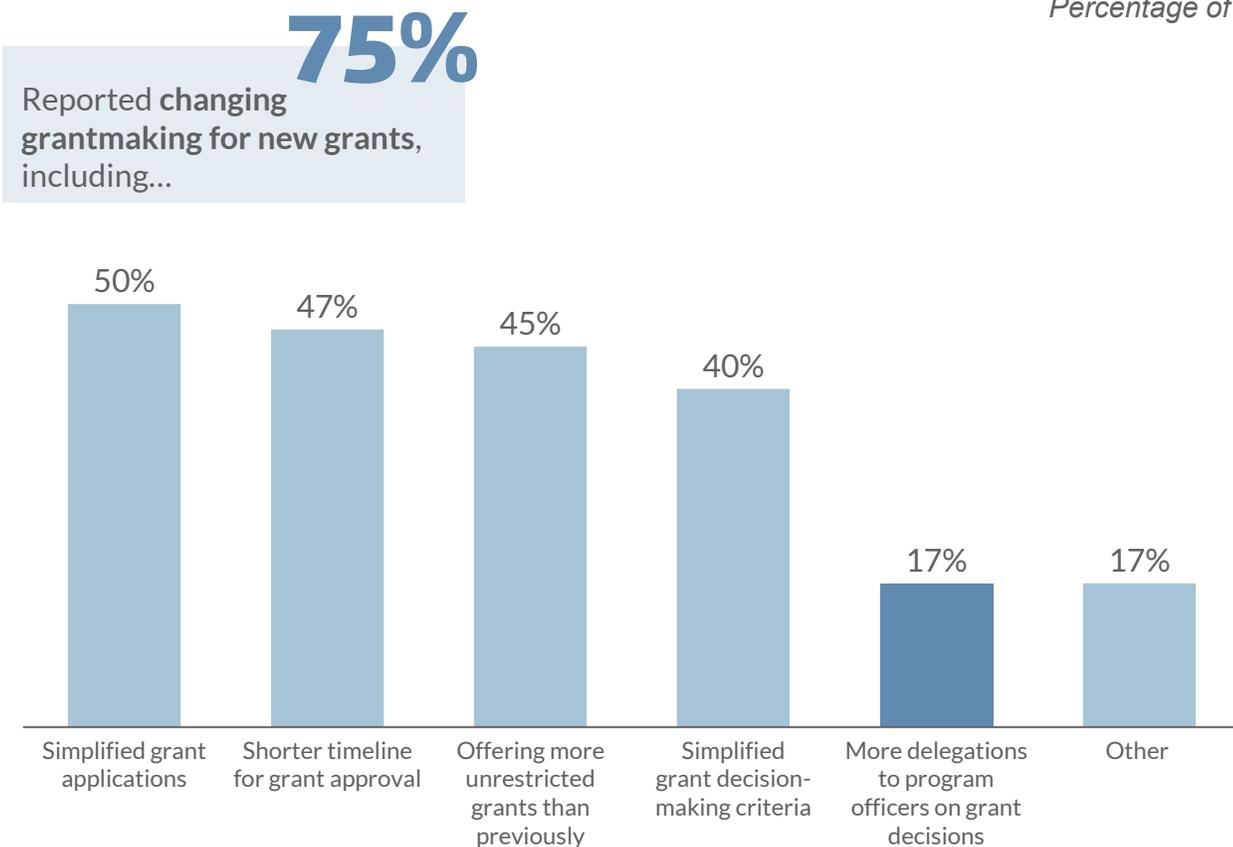
Foundations also reported providing funding toward operations, as well as expediting distributions for multi-year grants

- The results align with perspectives gathered from nonprofit leaders by the Center for Effective Philanthropy in its June report, which found ~70% of foundations were adapting processes to deliver more flexible grantmaking but less than 20% were providing top-up funding or expediting multi-year grants
- In interviews, some foundation leaders pointed to external pledges and commitments, such as [CoF's pledge, "A Call to Action: Philanthropy's Commitment during Covid-19,"](#) as drivers of the change

# THOUGH 75% ARE CHANGING PROCESSES FOR NEW GRANTEES, LIMITED DELEGATION OF DECISION MAKING OR CHANGES FOR RACIAL EQUITY SUGGEST INADEQUATE POWER SHARING

Has your Foundation changed grantmaking processes for new grants in response to Covid-19? If yes, how?

Percentage of respondents, n=208



- Respondents are adjusting new grant application processes—50% of respondents are simplifying grant applications and 45% offering more unrestricted grants



However, only 17% report more delegation to program officers, suggesting that the **crises are not leading to increasing internal power sharing**

- In addition, while 75% of respondents are changing grantmaking processes, less than half this proportion (37%) are implementing changes to grantmaking for antiracism
- While this may be due to survey respondents having had less time to adapt processes in response to the rightful protests calling for anti-racism, it **may also signal that foundations are not mindful of the barriers and undue burdens these processes put on BIPOC-led nonprofits**

# LARGE FOUNDATIONS ARE FAR MORE LIKELY THAN SMALL AND MEDIUM FOUNDATIONS TO BE MAKING CHANGES FOR CURRENT GRANTEES



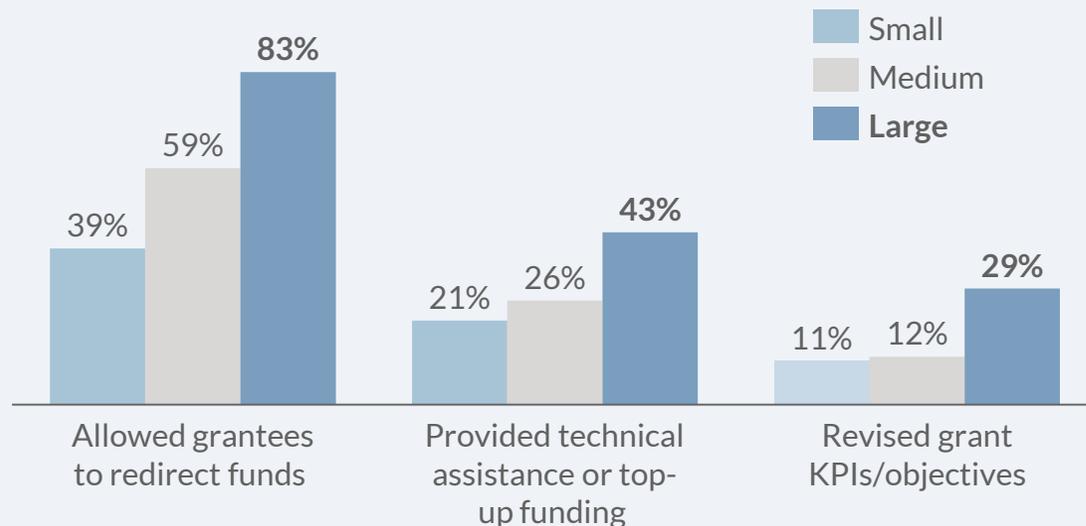
## SPOTLIGHT: grantmaking by foundation size

### What are the findings by size?

Over 95% of respondents with more than \$100 million in total assets (“large”) have shifted grantmaking practices for current grantees compared to ~70% of those with less than \$10 million (“small”)

*Have you shifted your operations regarding current grantees and previously awarded grants in response to the events of 2020? If yes, how?*

Percentage of respondents by Foundation size, n=183



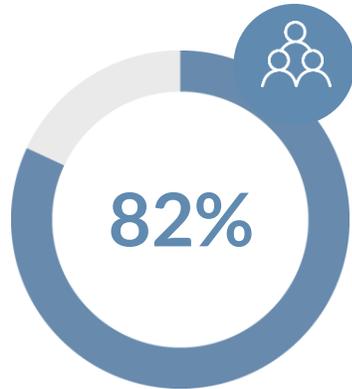
### Why might we see these differences?

Despite large foundations having more complicated processes, their access to more financial resources (average total asset size of \$855 million) and public commitments to more flexible funding likely allowed them to shift

*“We have moved up payments on some grants; made unsolicited emergency grants to some existing grantees.”*  
- Large foundation leader

*“We funded much more on-the-ground direct service in a ‘quick and dirty’ way. Our grantmaking operations were quite different...[changes] allowed us to streamline processes that will make a difference into the future.”*  
- Large foundation leader

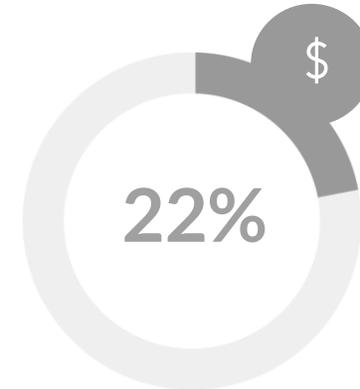
# GOING FORWARD, THE MAJORITY OF RESPONDENTS ARE PLANNING CHANGES TO FUNDING AND INTERNAL PROCESSES, YET ONLY 22% INTEND TO CHANGE INVESTMENT PRACTICES



82% of respondents report they are **actively considering new grantees or programming** focus areas



52% of respondents report they are **actively considering developing new internal process**, e.g., around DEI or grantmaking



22% of respondents report they are **actively considering new financial tools**, such as PRI investments

As a result, despite planned changes to programmatic focus and internal processes, respondents may not leverage the full power of their financial assets through the use of new financing tools

## AND RESPONDENTS HAVE QUESTIONS REGARDING HOW TO BE MORE RESPONSIVE AND SHIFT POWER THROUGH MORE INCLUSIVE PRACTICES



### How to be responsive



“What **systemic and structural changes** do we need to make so we can be **more flexible and nimble** to serve our communities in time of crisis and change?”

- Community foundation leader

“How to **look one step ahead** to what nonprofits need and position ourselves quickly enough to meet that need?”

- Giving circle leader<sup>1</sup>

“How [can we] harness this extraordinary moment to **shift internal culture toward increased annual payout and more general operating support?**”

- Family foundation leader



### How to be inclusive



“How to **explicitly lean into and live our diversity, equity and inclusion values** in our internal and externally facing work?”

- Public grantmaking charity leader

“How to leverage investment to advance racial equity by **partnering with other foundations** with more experience?”

- Independent foundation leader

“How does **Diversity, Equity and Inclusion in the staff, board and operations** translate into Racial Justice grantmaking?”

- Independent foundation leader

Notes: [1] Giving circles were included as ‘other’ on page 5 foundation type.

Sources: Dalberg, PCA, and CoF, “Responding to Crisis: Philanthropic Barometer Survey,” collected July 20, 2020, and interviews with 13 respondents.

## THE PATH FORWARD AS SEEN BY RESPONDENTS



*We need to address the power dynamic between foundations and across the sector so that all parties are equal...to get to the point where communities can decide how resources are best used for their benefit.”*

*– Community foundation leader*



Image: Geoff Livingston

# OVERALL, FINDINGS SHOW SOME SIGNIFICANT SHIFTS IN PRACTICES, BUT STILL PROGRESS TO SHARE POWER

## Shifts in practices

## Sharing power

1

### Shifts in RESOURCES

- Sixty percent of respondents have increased their 2020 giving by an average of ~17%; of these, endowed respondents have tended to draw on greater payout
- Where respondents are making changes to endowment management practices, 67% are initiating or expanding mission-related investments

- Only ~20% of endowed respondents plan to explore new investment practices that maximize the impact of their financial resources
- Concern over long-term support for their mission is preventing some respondents from giving more now

2

### Shifts in PRIORITIES

- About a quarter of respondents' 2020 giving will go to Covid-19—most of it to community building for sustainable recovery, rather than to direct healthcare responses
- An additional 11% of respondents are making racial equity a key or primary focus of their work compared to the start of 2020

- Respondents perceive a relative lack in internal anti-racism policies and frameworks for racial equity, which will likely be a barrier to pursuing racial equity work
- Lack of diversity in foundation leadership and communities they serve may hinder abilities to share power with diverse marginalized groups

3

### Shifts in INTERNAL OPERATIONS

- Over 85% of respondents are adopting flexible grantmaking practices for existing grantees, with 30% providing additional technical support
- Respondents have made changes for staff, including shifts to support staff wellbeing and address remote work needs

- Only 17% of respondents have increased delegation to staff on grantmaking decisions, indicating slower changes in internal power
- Only 13% reported an increased commitment to hire BIPOC, suggesting potential barriers to internal change

# THESE FINDINGS STAND IN CONTRAST TO THE MORE VISIONARY SHIFTS THAT SECTOR INFLUENCERS ARE CALLING FOR

## Interrogate your history and sources of wealth

*“...examine how wealth was actually created. **I don’t think it is actually possible to do racial justice work today if you have not examined the ways in which your wealth has been created ... or the way in which it has harmed movements in the past.**”*

*- Megan Ming Francis, Associate Professor at the University of Washington*

## Trust communities to control resources

*“It is also stepping into that belief that **people who have lived experience actually have the knowledge for how to move forward in society.** How to build the society that we are all going to want to live in.”*

*- Crystal Hayling, Executive Director of The Libra Foundation*

## Examine your full financial impact and liberate capital

*“I question the net value of philanthropy. In general, if we are moving out capital into communities through grantmaking only 5% to do good, but we **have 95% of our endowments invested in harmful and extractive industries,** then we are canceling out the good ...that our grantmaking is trying to do.”*

*- Edgar Villanueva, Author of ‘Decolonizing Wealth*

## Deliver bold systems change

*“This vision of radical giving...means we’re no longer talking about hoarding power but a deep redistribution of all forms of power and resources...and a **radical transformation of our economic, political, and cultural systems that entrench racial injustice.**”*

*- Vini Bhansali, Executive Director of the Solidaire Network*

# INTERVIEWS AND SURVEYS HIGHLIGHT FOUR CRITICAL STEPS FOUNDATIONS CAN TAKE TO LAY THE GROUNDWORK FOR A SIGNIFICANT CHANGE IN POWER DYNAMICS

CRITICAL STEPS

1

**Interrogate your team’s power and privilege; de-bias decision making**

Reflect on the sources of the wealth that your philanthropic entity is divesting, particularly for non-BIPOC foundation leaders and staff; investigate your own privilege and how it may bias decision making.

2

**Hire, promote, fund, and listen to BIPOC leaders**

Devolve space and power to voices of diverse community members not only in shaping solutions but also in internal operations.

3

**Make investment decisions based on values and principles, not rigid processes**

Replace rigid policies with unifying ideals and guiding principles to build trust-based relationships, which allow for pivots and shifts as needed for social change.

4

**Leverage your full financial power to advance your mission**

Explore how you can deploy your full endowment to share, build, and wield power, including impactful ways to manage endowments, expansions in endowment payouts, and elevating grantmaking channels for BIPOC-led grantees.



*“We’ve identified a handful of practices that the board leans on that are steeped in white supremacy... We are planning for facilitators to walk us through why these are harmful practices.”*

*“Through our yearlong DEI Task Force, we had community outreach discussions... [and got] great feedback affirming the direction we are going along with recommendations to advance our work.”*

*“The first thing we did when I joined is values clarification... Lack of [profound] clarity in values can be an inhibitor of change. When there is a crisis, [differences] will reveal themselves.”*

*“We have moved our endowment to a wealth management company that supports inclusivity and diversity as well as investment portfolios that are in tune with our mission and support social justice.”*



# RESPONDENTS AND INTERVIEWEES RAISE AN ADDITIONAL FOUR FUNDAMENTAL SHIFTS THAT FOUNDATIONS SHOULD PURSUE IN ORDER TO TRULY SHARE POWER

FUNDAMENTAL SHIFTS

1

**Devolve and diversify who has decision-making power**

Shift who has decision-making power and increase representation by broadening access to board positions, transitioning to community boards, or by devolving power to staff.

2

**Support emerging collaborations and cross-sectoral partnerships for systems change**

Build up alliances and multi-organizational partnerships that advocate for racial justice and long-term reform.

3

**Make public commitments to drive accountability**

Lead by example by embedding accountability through measurable and specific, public commitments on sharing power.

4

**Use the full range of assets at your disposal to unlock more capital for communities**

Leverage your networks, voice, and role as the “risk capital of society” to drive wealth to communities by advocating for key causes with High Net Worth Individuals.



*“In the short and medium term we’re hoping to build an advisory board with existing organizations that we fund or new organizations. Giving them an honorarium, paying them for their time.”*

*“We joined the Trust-Based Philanthropy Project, which grew out of work by the Whitman Foundation, and launched it officially in January.”*

*“Our leadership team signed on to the pledge and [we] kept each other honest through that.”*

*“People drop millions of dollars after a single conversation... so [to utilize your full power we need to] find those donors and work through completely different networks.”*





**THE FOLLOWING  
RESOURCES ARE  
A SELECTION OF  
GUIDES THAT  
CAN HELP  
FOUNDATIONS  
ON THEIR  
JOURNEY TO  
SHIFT PRACTICES  
AND SHARE  
POWER**



**Resources for engaging communities**

Curated events, best practices, tools, and publications to engage communities in philanthropic work



**Resources for building, sharing and wielding power**

Case studies, articles, reports, and other tools to change power dynamics



**Grantmaking with a racial justice lens**

A practical guide to help foundation leaders understand what it means to move from racial equity to racial justice funding strategies



**The groundwater approach**

A tool both to deepen individual understanding of the need for systemic change and to facilitate group learning and development



**Trust-based philanthropy resources**

Guides, presentations, webinars, and resources from the field to help your foundation build trust-based practices

“

**We must be in  
it for the long haul.”**

*ABFE, A Philanthropic Partnership for Black Communities*

*ABFE, A Philanthropic Partnership for Black Communities has issued a call by 60 Black Foundation Executives for philanthropy to take action on anti-Black racism as the Black community confronts overlapping and compounding crises. The long-term, transformative structural changes needed require philanthropy to recognize that “this is a marathon, not a sprint.”*

*Read the full statement [here](#).*

## Dalberg

**Dalberg** is a global group working to build a more inclusive and sustainable world where all people, everywhere, can reach their fullest potential. Our **Justice, Equity, and Economic Mobility Practice** works to build a more equitable and just society for all people in the United States. We partner with and serve communities, philanthropic institutions, governments, and companies, providing a mix of advisory, investment, research, analytics, and design services.

Click [here](#) to watch our session co-convened with Common Future on, “*What do funders need to give up to achieve racial justice,*” as part of Dalberg’s ongoing webinar series “*Shaping an equitable future in the U.S.*”



The **Council on Foundations** fosters an environment where philanthropy can thrive and cultivates a community of diverse and skilled philanthropic professionals and organizations who lead with integrity, serve as ethical stewards and advocate for progress. We imagine a world where philanthropy is a trusted partner in advancing the greater good.



**Philanthropy California** is an alliance between California’s place-based philanthropy-serving organizations – Northern California, Southern California, and San Diego Grantmakers. We tap into the deep regional expertise and connections of funders to increase philanthropy’s impact in building and sustaining thriving, equitable communities. Together, we collaborate with our members, the nonprofits they support, and the communities they serve.



Image: Matthew T. Rader

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## INTERVIEWEES

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- Carolyn Wang Kong, *Blue Shield of California Foundation*
- Brian Fogle, *Community Foundation of the Ozarks*
- Roxie Jerde, *Community Foundation of Sarasota*
- Dace West, *The Denver Foundation*
- Carrie Avery, *The Durfee Foundation*
- Anne McEnany, *International Community Foundation*
- Ben Cameron, *Jerome Foundation*
- Liana Krupp, *Krupp Family Foundation*
- Rachel Kizielewicz, *Los Alamos Community Foundation*
- Jamie Merisotis, *Lumina Foundation*
- Kaki Friskics-Warren, *Maddox Fund*
- Imelda Gonzales and Manuel J. Santamaria, *Silicon Valley Community Foundation*
- Joanna Jackson, *Weingart Foundation*

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