

COVID-19: How Have Funders Changed Their Approach & What Will Stick?

EXPONENT PHILANTHROPY SPOTLIGHT REPORT IN PARTNERSHIP
WITH PEAK GRANTMAKING

IN THIS SPOTLIGHT REPORT

- 1** Introduction
- 2** Changes in Approaches and Strategy
- 4** Changes to Who and What is Funded
- 7** Changes to Grantmaking Practice
- 9** Funders Are Changing Their Operations
- 11** Continuing New Practices
- 12** Conclusion
- 13** Appendices
- 14** Appendix A: Survey Methodologies
- 15** Appendix B: Additional Resources

Introduction

Grantmaking has seen a seismic shift since March, 2020 because of the ongoing global coronavirus pandemic. Many practices that seemed necessary just last year (grant restrictions, reporting requirements, paper-based processes, 5% payouts) or difficult (collaborative funding efforts, virtual decision making, open conversations with grantees about risk) are now—mere months later—standard operating procedure. Changes that were impossible or slow moving have suddenly taken on new urgency.

In the wake of an urgent movement to address one crisis, the conversations around power and equity in the philanthropic sector have taken on a sharper edge as mass uprisings related to racial and economic justice amplify the impacts of the pandemic.

Philanthropy is at a pivotal decision-making moment, as is the rest of the world. Do we use this pause and upheaval to embrace a “new normal,” or do we return to the way we’ve always done things?

The impact of this choice could not be more far reaching. This report attempts to capture a moment in time to evaluate where we are as a field, learn from what we’re seeing, and determine a way forward—to new and better ways or back to the status quo.

In April, Exponent Philanthropy and PEAK Grantmaking each fielded a survey to see how our respective communities of funders were responding to the impact of COVID-19 on their communities, grantees, and internal operations and processes. Inspired by our members’ collaboration during these challenging times, PEAK and Exponent Philanthropy partnered to analyze the survey results in the context of additional reflections and guidance from our members. This report shares our findings.

Together, we have woven a story of the potential for change—if we have the courage to forge a better way forward.

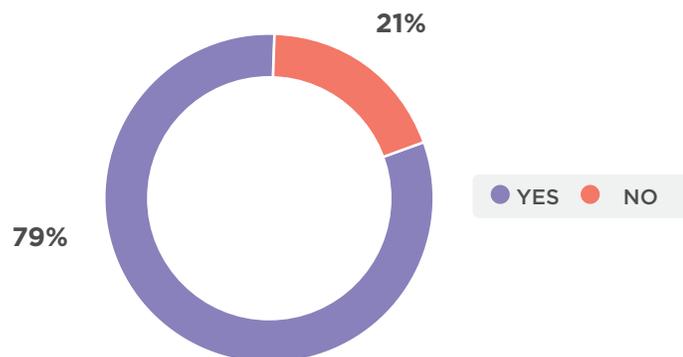
Changes in Approaches and Strategy

LEAN FUNDERS ARE CHANGING THEIR APPROACH

Nearly 80% of funders responding to Exponent Philanthropy's survey are following a different approach to funding in response to COVID-19. They recognize that the size and scope of this moment requires them to adapt and adjust. Others stress that they are supporting and reassuring current grantees with flexible funds. Survey findings indicate these changes in approach:

- Foundations with more than \$10 million in assets are more likely to have shifted their funding approach.
- Foundations with three or more staff are significantly more likely to have changed their funding approach.

Have you changed your funding approach in response to the outbreak of COVID-19? (n = 964)



Of those who haven't changed their approach, almost 20% plan to in the next year.

DESPITE CONCERNS, LEAN FUNDERS ARE GIVING MORE THIS YEAR

Many funders are still evaluating whether they can give more and how much more. They're concerned about market returns impacting the foundation's long-term viability. Others are restricted by trust documents and unable to increase their payout. Against some criticism of philanthropy as an institution, funders face a twofold problem in times of economic downturn: increased need and fewer resources.

Beyond the obvious economic and health impacts of COVID-19, funders are voicing concerns about the broader ramifications of social distancing, societal instability, and high levels of unemployment. They are reiterating the need to focus on increases in mental health incidents, suicide rates, hate crimes, and domestic violence. And they and grantees are working to create preemptive support systems.

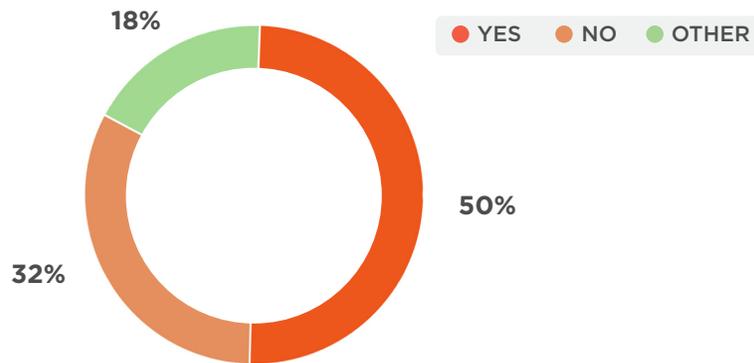
CHALLENGE:

What amount of lost capacity and closure in the nonprofit sector and safety social net is acceptable as it relates to lost investment returns?

Bright Spot: Vanessa Briggs, executive director of the Brandywine Health Foundation, shares how critical it is to go beyond supporting large or well-established nonprofits. Briggs says grassroots organizations will be key players in the COVID-19 response and recovery. These organizations have already spread awareness on the importance of social distancing, and they'll continue to inform the public as new measures materialize.

About half of Exponent's survey respondents say they'll give more this year because of the pandemic. And foundations with \$100-\$199.9 million in assets are more likely planning to give more.

Is your foundation planning to increase payout in response to the COVID-19 pandemic? (n =568)



Of the foundations planning to increase giving:

- 40.5% will give a certain dollar amount more
- 20.8% will increase the foundation's overall payout
- 5.4% will increase the foundation's grant budget by a certain percentage

Bright Spot: 50% of lean funders say they are increasing their payout this year.

FUNDERS ARE COLLABORATING

Collaboration remains an essential strategy for lean funders responding to COVID-19. Of Exponent Philanthropy respondents, 55% are collaborating with other funders, and 20% are considering doing so.

Some funders are opening their own relief fund, whereas others are contributing to existing ones. A main way funders are collaborating is by supporting combined relief funds:

- 48% of PEAK Grantmaking respondents say they contributed to a regional or national rapid response fund.
- 49% of Exponent Philanthropy respondents say they contributed to a local relief fund.
- 44% of PEAK Grantmaking respondents opened their own rapid response fund.
- 7% of Exponent Philanthropy respondents reported contributing to a national relief fund.
- 4% of Exponent Philanthropy respondents say they contributed to a global relief fund.

Among the Exponent Philanthropy community, funders are much more likely to support local relief funds than national or global ones.

The Ausherman Family Foundation and The Helen J. Serini Foundation highlight lessons learned after they began working together in Frederick, Maryland, in response to the pandemic:

- **Start with who you know.** These two foundations had been casually working with other place-based funders in their region. But with the COVID-19 outbreak, they began collaborating more formally. They cofunded a grant opportunity with the local United Way and community foundation, developed an optional survey for nonprofits in the community, and hosted calls with nonprofit and foundation leaders. By relying on relationships cultivated over time, these collaborating foundations can now move swiftly to support their communities.
- **Create space for nonprofits to collaborate.** Recognizing that nonprofits are on the front lines of the COVID-19 pandemic, funders are providing the moral and financial support necessary to create spaces for nonprofits to collaborate. These two foundations assisted nonprofits with identifying and purchasing essential supplies (e.g., gloves, masks, sanitizers, grocery gift cards, diapers). They also partnered with the local YMCA to collect and distribute these supplies and other in-kind donations. Because of social distancing limitations, many of the YMCA's operations were suspended, but they were able to use their space and personnel to manage logistics.

Changes to Who and What is Funded

Many lean funders are shifting some funds to support new populations. A little more than half (53%) are supporting those economically affected by COVID-19. And almost 42% are making grants to nonprofits outside of their normal portfolio.

Funders are shifting their focus to support:

- Individuals economically affected by COVID-19 (53%)
- Nonprofits outside of the foundation's typical funding portfolio (41%)
- Another group not listed (32%)
- First responders and health care workers (18%)
- Health-focused nonprofits if outside of the foundation's typical funding area (15%)
- Local hospitals (15%)
- Individuals medically affected by COVID-19 (14%)
- Small businesses and their employees (14%)

Key differences include:

- Community foundations were more likely to shift support to health-focused nonprofits (31%) and first responders (42%).
- Very large foundations with more than \$200 million in assets were more likely to support individuals medically affected by COVID-19 (30%).
- Smaller foundations with assets between \$1 and \$10 million (74%), and very large foundations with assets above \$200 million (87%) were more likely to shift support to individuals economically affected by COVID-19.
- Funders with between \$25 and \$100 million in assets (58%) were more likely to shift support to nonprofits outside of their typical funding portfolio.

ADDRESSING RACIAL INEQUITIES

Since fielding the survey, Exponent Philanthropy and PEAK Grantmaking have heard anecdotally that many funders are also shifting their funding focus because of racial inequities magnified by COVID-19. Although some funders have explicitly applied a racial equity lens to their grantmaking, only a few are doing so in intentional ways that they can track as part of this crisis.

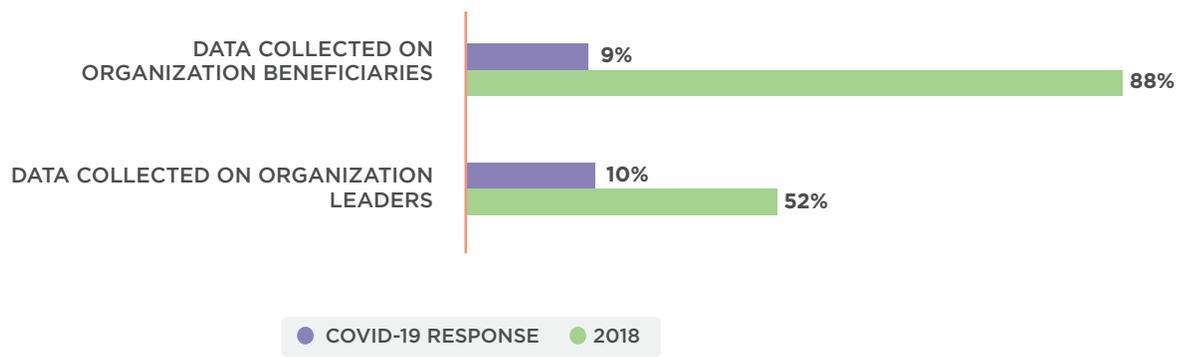
Although COVID-19 has magnified racial inequities, they don't have a central role in many funders' responses:

- 18% of PEAK Grantmaking respondents reported including equity as a primary driver for grant decision making.
- 10% of PEAK Grantmaking respondents track the demographic data on leaders of organizations receiving emergency response funds.
- 9% of PEAK Grantmaking respondents track the demographic data on the beneficiaries of organizations receiving emergency response funds.

CHALLENGE:

Are we exacerbating inequities in our crisis response? How can we know?

Are you collecting demographic data?



These findings stand in sharp contrast with data previously collected by PEAK Grantmaking in which 56% of grantmakers reported having an explicitly stated commitment to racial equity or diversity, or equity and inclusion during 2019. And more than 50% reported collecting and using demographic data in 2018.

Given the urgency of the pandemic, many funders apparently are setting aside efforts to address racial inequities so they can get money out quickly and—as we heard from Exponent Philanthropy members—to organizations and leaders they already know and trust.

Bright Spot: Several funders have voiced concerns about disparities in funding for nonprofits led by white people and those led by people of color as well as the resulting risk to nonprofits in times of uncertainty. Armando Castellano, a trustee at The Castellano Family Foundation, says he is bringing attention to the imbalance in access to philanthropic dollars and is collaborating with other funders to help mitigate funding disparities.

COVID-19 has brought many societal inequities to light, and some funders are focusing their support on highly vulnerable communities. Nicole Baran of The Peggy and Jack Baskin Foundation says, “Instead of funding widely and hoping some of that reaches the margins, we put funding the people at the margins at the center of our work.” Because government programs aim to help huge swaths of the population, philanthropy is well positioned to offer targeted support to those most in need.

FUNDING INDIVIDUALS AND OTHER POPULATIONS

Many funders are focusing on getting funds to individuals directly or are funding programs that provide financial support to individuals. Of the funders surveyed, 53% report shifting their work to support individuals economically affected by COVID-19, and 14% say they shifted their work to support individuals medically affected by COVID-19.

A number of funders are working with local nonprofits to provide direct financial support to individuals in need. They recognize that their grantees, many of whom are social services providers, have deep relationships with clients and may already have cash assistance funds set up for their needs.

Lean funders say they are often working with local partners to support individuals in their communities. The most common partners are local community foundations and United Ways, but others are funding local public school foundations or national organizations that support workers.

Some funders are working to support local businesses by coordinating with their local U.S. Chamber of Commerce Foundation, a 501(c)(3) organization, to provide small business support. Others are advocating an increase in the availability of low- or no-interest loans for their local businesses and nonprofits. And others are offering loans to nonprofit partners in the form of program related investments to help them cover costs as they wait for additional funds.

Changes to Grantmaking Practices

Foundations are adjusting their grantmaking practices to better support nonprofit partners during COVID-19.

Bright Spot: The Robert Sterling Clark Foundation's approach is one many lean funders can emulate. At the outset of the pandemic, the foundation reached out to reassure its existing grantees that the foundation would honor current funding commitments. It also added 1 year of additional funding to every grant, relaxed the timing of grant reporting, and provided virtual office hours to foster continued informal conversations.

SURVEYING GRANTEES

Funders are surveying grantees and nonprofits in a variety of ways to learn how to best support them and their communities.

Many funders don't want to burden grantees with onerous surveys, so they're moving to brief ones or are partnering with peers to share survey information. Of the PEAK Grantmaking respondents, 46% reported they are surveying their grantees or community to help anticipate emergent needs

CHANGING PROCESSES AND TIMING OF GRANTS

Funders moved to act quickly at the outset of the pandemic. As the pandemic continues to spread within the United States, funders are working to adjust their grantmaking processes and timing to get money to their grantees quickly rather than wait for their traditional grant cycles to arrive:

- 72% of Exponent Philanthropy respondents are making emergency response grants outside the foundation's normal grant cycle, and 13% are considering doing the same.
- 67% of PEAK Grantmaking respondents reported reducing their application requirements or implementing more flexible requirements for rapid response funds.
- 62% of PEAK Grantmaking respondents say they have altered their typical process for grant decision making.

Bright Spot: In PEAK Grantmaking's community conversations and Exponent Philanthropy's member discussions, several funders reported doing extensive outreach to current grantees to find out their most important needs and also to provide immediate funding—sometimes even without applications. And some funders reacted even more quickly, giving unsolicited grants within a week after the crisis began.

MAKING FUNDS AND REPORTING MORE FLEXIBLE

Many funders say their first response to COVID-19 was to move toward more flexible funding for their existing grantees. Recognizing that the situation is fluid and nonprofits' future needs are unknown, many are providing additional general operating support to their grantees by converting existing grants to unrestricted grants, suspending or postponing reporting requirements, or both.

In terms of reporting, more funders are accepting quick updates via e-mail or phone, extending reporting deadlines for interim and final reports, and even suspending reporting altogether. Some are adjusting evaluation plans and reducing report requirements. Education funders are realizing they need to entirely rethink evaluation for their grantees given the disruption in the school year. Here are changes funders are making:

- 64% of PEAK Grantmaking respondents say they are eliminating or reducing reporting requirements
- 64% of Exponent Philanthropy respondents are converting existing grants to more flexible funds, and nearly 15% are considering doing so.
- 57% of PEAK Grantmaking respondents reported converting existing project grants to operating grants
- 56% of Exponent Philanthropy respondents are delaying or postponing reporting deadlines, and 15% are considering doing the same.

CHALLENGE:

In one of their community conversations, PEAK's members expressed the concern of how funders will account for the success of their grants if they reduce or eliminate reporting requirements or convert restricted grants to unrestricted grants. They also acknowledged that success may simply be "keeping the lights on" for their nonprofit partners.

“

COVID-19 forced a new normal upon us all, funders included. As a result, the Reidsville Area Foundation is leaning into new, easier ways of lightening the load of grantees by revamping our application process and reducing, delaying, or waiving grant requirements. We are making time to collaborate frequently with fellow funders on local, state, and national levels to find what's working for other communities and to connect to available resources beyond our county borders.”

TANGO MOORE, REIDSVILLE AREA FOUNDATION

MAKING ADDITIONAL GRANTS TO EXISTING GRANTEES

Funders aren't just making their funds more flexible, they also are making additional grants to their grantees to provide more support. For some funders, these are one-time, additional grants; others are automatically renewing grants for the next fiscal year to give their grantees long-term reassurances. Survey findings show that:

- 63% of funders are making additional grants to existing grantees, and 22% are considering it.
- 43% of PEAK respondents are providing extra operating support to existing grantees to help them ride out the crisis.

HAVING OPEN CONVERSATIONS WITH GRANTEES

Funders know the importance of not just providing financial support but also giving grantees the space to share their concerns. Many Exponent Philanthropy and PEAK Grantmaking members highlight having open and honest conversations with their grantees as essential so they can understand how best to support their nonprofit partners. Some have learned that their grantees need additional funds as soon as possible. Grantees have conveyed to other funders that they need time to better understand their challenges.

Bright Spot: Of PEAK Grantmaking respondents, 77% report having open, transparent conversations with grantees about the risks they are facing that will impact program delivery and overall sustainability.

Funders Are Changing Their Operations

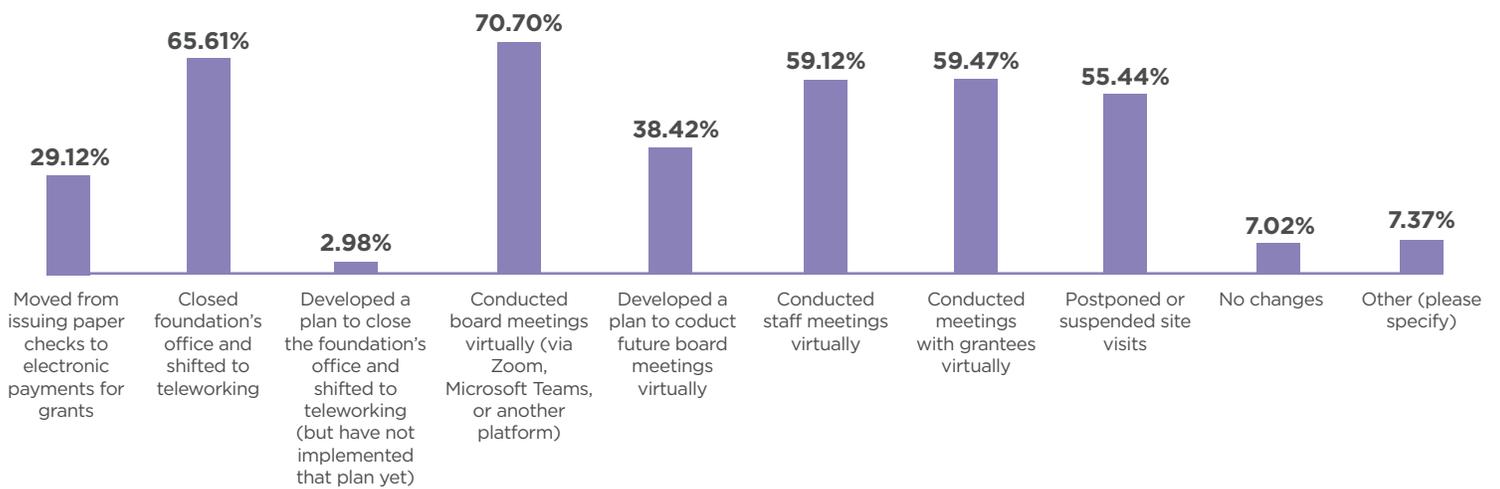
Lean funders' lives have been upended by the pandemic and social distancing. Foundations are holding virtual board meetings (70%), virtual staff meetings (59%), and virtual meetings with grantees (59%). Of those surveyed, 55% report postponing site visits and almost 30% have made the move from issuing paper checks to making electronic payments for grants.

Bright Spot: Like the rest of the country, lean funders are now working in a virtual setting. As states introduce, expand, or revisit measures to curb the spread of COVID-19, lean funders are adjusting their work accordingly. Although many lean funders have closed their offices, they haven't closed their doors. Some say they're now conducting virtual site visits, and many others are holding virtual board meetings.

Survey findings revealed a few key variations:

- As asset size increases, foundations are more likely to have closed their offices, hold virtual board meetings, conduct staff meetings virtually, and have virtual meetings with grantees. They also are more likely to have moved from issuing paper checks to electronic payments.
- Community foundations and independent foundations are more likely to have closed their foundation's office, hold virtual board meetings, and conduct virtual meetings with grantees.
- Community foundations also reported they are more likely to conduct virtual staff meetings.

Have you changed the way your foundation operates in response to the spread of COVID-19 in any of the following ways? (Select all that apply)



CHALLENGE:

Paper-based processes don't work in the time of social distancing. With many foundations closing their offices and working remotely, they are shifting how they pay their grantees. Whereas some funders shared stories of hand-delivering checks (while keeping a safe social distance), many others are shifting their grant payments to electronic fund transfers (EFTs) in place of checks.

Continuing New Practices

Whether it's shifted strategies, better collaboration, streamlined applications, faster approvals, or getting money to grantees more quickly, funders are taking stock of the improvements they've put in place during the pandemic. And they're deciding whether to continue those practices.

"We've proven to ourselves and our grantees that we can be nimble and responsive," says Diane Brown of the Community Foundation for South Central New York. "Why shouldn't we do that moving forward?"

In their survey, PEAK Grantmaking asked their members what practices that have changed might continue. Funders reported anticipating that these changes will most likely stick:

- Having open, transparent conversations with grantees about the risks they are facing that will impact program delivery and overall sustainability (69%)
- Offering general operating support instead of project support (53%)
- Reducing application requirements or implementing more flexible requirements for rapid funds (47%)

Least likely to stick are these changes:

- Surveying your grantees or community to help anticipate emergent needs response (39%)
- Eliminating or reducing reporting requirements (36%)
- Keeping changes to your decision-making processes (26%)
- Including equity as a primary driver for decision making (29%)
- Engaging in thought leadership by writing or sharing information with funding peers or the sector more broadly about your changed processes or priorities (29%)
- Including a certain percentage of contingency funding in your annual grant budget (29%)
- Tracking the demographic data for the beneficiaries of organizations receiving funds (16%)
- Tracking the demographic data for the leaders of organizations receiving funds (14%)
- Shifting dollars into advocacy work to promote long-term system change to better address the next crisis (13%)

Much here is promising: Shifting to operating support, reducing application requirements, and having open conversations about risk are great changes to keep around. Both PEAK Grantmaking and Exponent Philanthropy hope that grantmakers are using this moment to not only assess how they do business in crisis but to consider how they might incorporate—and further embrace—some of these changes long term.

This crisis is having an outsized impact on oppressed and marginalized people and communities. We encourage philanthropy to work harder to drive equity in their decision making and track demographic data that will help all of us—when we are on the other side of this pandemic—look back and measure how we rose to the occasion and leaned into our values as a sector.

In addition, engaging in thought leadership—talking to peers about the changes you have made and why you are keeping them—is an effective way to influence change in philanthropy.

Philanthropy also has a role to play in advocating for systems change that will better prepare the nonprofit sector and the communities they serve to better weather the next crisis—and the one after that.

“

Let’s have something positive come out of the COVID-19 crisis. It is time for foundations to make permanent changes to their grantmaking practices. We need to be flexible, have trust-based relationships with our grantees, and stop requiring items that are not legally required. Our goal has to be not to go back to the way things were because we now know we can get what we need with less burden on the nonprofits we support.”

ROBIN BARKER, GEORGE FAMILY FOUNDATION

Conclusion

PEAK Grantmaking and Exponent Philanthropy encourage funders to leverage our communities and resources to advocate for change inside their organizations and to collectively create a “new normal”—one that values the expertise and partnership that nonprofit leaders bring to the conversation about what it looks like to make an outsized impact at a time when the world is changing so rapidly.

Here are a few action steps to get you started:

- Document changed processes—Keep track of what changed, how quickly, and why.
- Make the case—If it works now, why not in the future? What can you reasonably keep doing or stop doing?
- Talk to your nonprofit partners—Keep lines of communication open and ask what your nonprofit partners need most.
- Consider equity and power—As you reflect on how quickly you were able to change and relax restrictions, consider the consequences to communities most impacted by the pandemic if you put those restrictions back into place.

Appendices

A: Survey Methodologies

B: Additional Resources

APPENDIX A: SURVEY METHODOLOGIES

PEAK Grantmaking Survey

PEAK Grantmaking conducted its survey in late April 2020. A flash survey distributed after a community conversation virtual meetings. It had 169 respondents. The majority of respondents in this survey were large private foundations, followed by community foundations and public charities. Corporate funders and small foundations also responded but in smaller numbers. Additional qualitative data are included from report-outs from PEAK Grantmaking's community conversations.

Exponent Philanthropy Survey

Exponent Philanthropy's survey was conducted in mid-April 2020. A pulse survey distributed via e-mail, it received 964 responses. The majority of respondents were family foundations and independent foundations, followed by community foundations. The survey also included a small number of corporate foundations, donor advised fund holders, and individual donors. Asset size ranged from under \$1 million to more than \$200 million, and the majority of respondents had assets between \$1 million and \$50 million. Additional qualitative data are included from conversations with Exponent Philanthropy members and from Exponent Philanthropy's virtual live discussions that focused on COVID-19.

APPENDIX B: ADDITIONAL RESOURCES

Additional Resources from PEAK Grantmaking

Created by and for PEAK Grantmaking members, [Courage in Practice: Principles for Peak Grantmaking](#) is a call to action to transform the practice of philanthropy into the practice of principled grantmaking. These five Principles will help you implement more effective, efficient, and equitable grantmaking practices.

Effective grantmaking organizations deliberately act to redefine the power balance with their grantees, recognizing that grantmakers and grantees are equal partners in the quest for impact. Explore more in [Strategies for Narrowing the Power Gap in Philanthropy](#).

PEAK Grantmaking, together with the CHANGE Philanthropy Network, Candid, and D5 Compass call for a more reasoned approach to tracking impact by collecting and using demographic data effectively: [Action & Accountability: Why Demographic Data Matters Now](#).

Additional Resources from Exponent Philanthropy

General Operating Support allows grantees to use funds to strengthen an organization or further its charitable purpose as it sees fit. Read more in the Exponent Philanthropy Resource: [General Operating Support: Grantmaking to Support Mission](#)

As the nonprofit sector continues to expand and organizations seek creative approaches to leverage limited resources, collaboration has become an increasingly popular way to build capacity. Read more in the Exponent Philanthropy Resource: [Supporting Nonprofit Collaboration: Respectful Ways to Help Your Grantees Accomplish More Together](#)

Specialized applications and reports can be a burden on nonprofits. Streamlining your processes is a powerful way to give nonprofits more time to devote to their mission. Read more in the Exponent Philanthropy Resource: [Ten Ways to Streamline](#)

Leadership begins with a humble act: listening well. Get tips to help you open doors through listening in this Exponent Philanthropy Resource: [Listening Well](#)

For more information and resources, see Exponent Philanthropy's webpage [COVID-19 Resources for Funders](#).

About Exponent Philanthropy

Exponent Philanthropy is the country's largest association of funders and the only one dedicated to serving foundations with few or no staff, philanthropic families, and individual donors. Our vibrant network has in common lean operations and a style of philanthropy motivated by personal passion, community needs, and the strong desire for better outcomes. We provide high-quality and cost-effective programs, resources, and connections that maximize our members' dollars and time for the benefit of diverse communities and causes.

About PEAK Grantmaking

PEAK Grantmaking is a vibrant, member-led community of professionals who specialize in grants management for funding organizations. Together, we power knowledge and foster collaboration to strengthen practice. We enable philanthropy to achieve its full potential to fuel change for good. We are the only organization dedicated solely to advancing the how of grantmaking.

Exponent Philanthropy
1720 N Street, NW
Washington, DC 20036
202-580-6560
www.exponentphilanthropy.org

PEAK Grantmaking
1666 K Street, NW, Suite 440
Washington, D.C. 20006
888-466-1996
www.peakgrantmaking.org