



Strengthening Grantees

Foundation and Nonprofit
Perspectives



THE CENTER
FOR EFFECTIVE
PHILANTHROPY

Strengthening Grantees

Foundation and Nonprofit Perspectives

PROJECT TEAM

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ABOUT THE CENTER FOR EFFECTIVE PHILANTHROPY

The mission of the Center for Effective Philanthropy (CEP) is to provide data and create insight so philanthropic funders can better define, assess, and improve their effectiveness—and, as a result, their intended impact.

ACKNOWLEDGMENTS

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Table of Contents

2	Introduction
3	Summary of Findings
4	Overview of Current Practices
13	Finding 1
16	Finding 2
23	Finding 3
29	Finding 4
34	Conclusion
36	Methodology
39	Endnotes



Introduction

In a comprehensive study drawing from both foundation and nonprofit leaders' perspectives, the Center for Effective Philanthropy (CEP) examined what support foundations are providing to grantees to strengthen their organizations.

Based on survey responses from 170 nonprofit CEOs and 187 foundation leaders who primarily oversee programmatic work, this report provides an overview of current practices and presents four key findings we distilled while investigating the questions below:

- ▶ To what extent is there alignment between what grantees need and what foundations emphasize when it comes to strengthening nonprofit organizations?
- ▶ What support are foundations seeking to provide to grantees to help strengthen their organizations? What support are grantees actually receiving from their funders?
- ▶ How could funders be most helpful to grantees in strengthening their organizations?



Summary of Findings

1

Foundations are not as in touch with nonprofits' needs as they think.

2

Nonprofits most desire help in fundraising, staffing, and communications.

3

Both nonprofits and foundations have a role to play in closing the gap between the support nonprofits need and the support foundations provide.

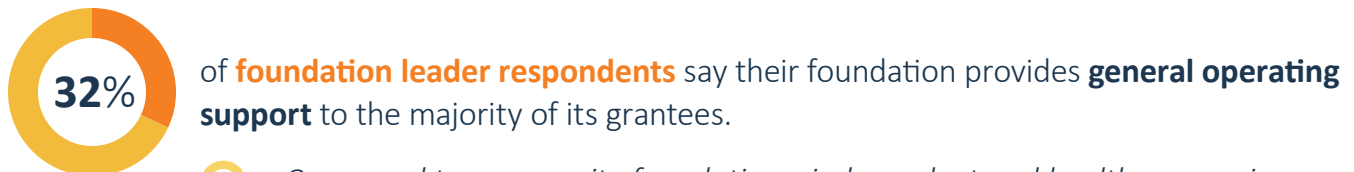
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Nonprofit CEOs see general operating support grants as having the greatest impact on strengthening their organizations.

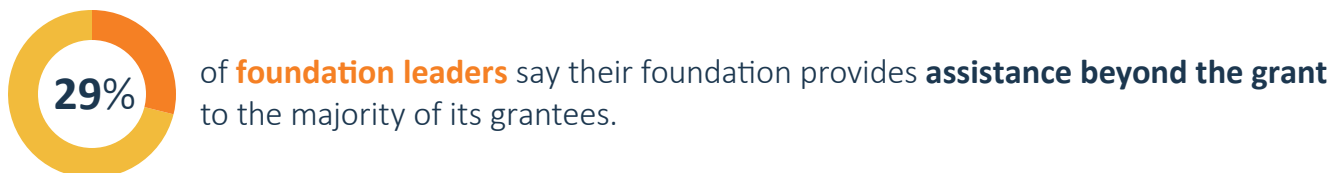
OVERVIEW OF CURRENT PRACTICES:

Provision of Support

GRANTS AND ASSISTANCE BEYOND THE GRANT PROVIDED



Compared to community foundations, independent and health-conversion foundations are more likely to give multiyear general operating support grants of \$100,000 or more per year.¹



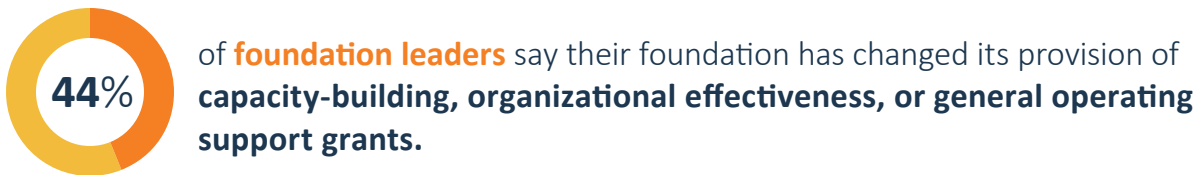
TERMINOLOGY USED IN THIS REPORT

Support to strengthen organizations and their leaders may come in the form of grants (such as capacity-building, organizational effectiveness, or general operating support grants), and/or assistance beyond the grant (provided by foundation staff or a third party paid by the foundation).

Examples of **assistance beyond the grant** include assistance for a grantee's internal management and operations, assistance for external efforts such as collaborating and networking, and assistance developing skills of staff.

RECENT CHANGES IN PROVISION OF SUPPORT

Over the past 12 to 18 months:



When asked to elaborate on how things have changed:



79% write about adding/expanding these types of grants.



15% write about starting to provide/increasing multiyear support.



Very few mention making changes related to the recent political environment, funding advocacy, or making smaller, more rapid response grants.



We are in the process of making a change to our largest general operating support program. Fewer organizations will receive the funding, but the grants will be larger and longer.

—FOUNDATION LEADER



We have recognized that there is a greater need for general operating support and have expanded general operating support opportunities. We have also recognized that grant applications often have elements of both program and capacity and have stopped using a separate application for each.

—FOUNDATION LEADER



We have launched a capacity-building fund to complement our current grantmaking strategy and have increased the number of multiyear general support grants to key partners.

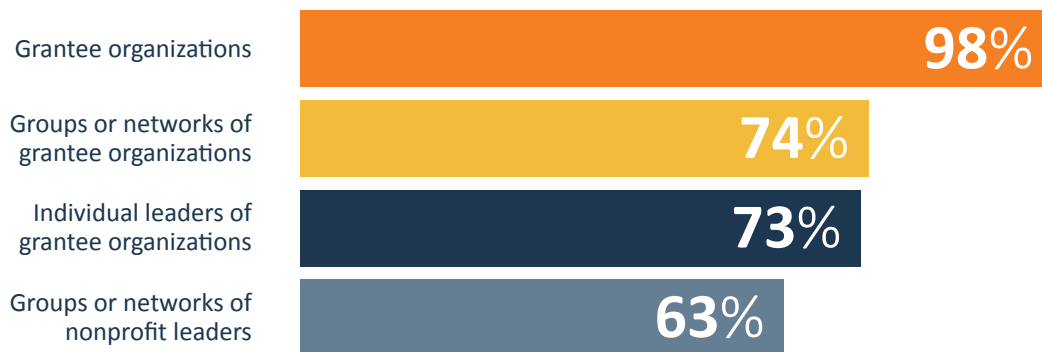
—FOUNDATION LEADER

OVERVIEW OF CURRENT PRACTICES:

Scopes of Support

CAPACITY-BUILDING OR ORGANIZATIONAL EFFECTIVENESS GRANTS FOR DIFFERENT SCOPES

When asked whether the capacity-building or organizational effectiveness grants their foundation provides are intended to strengthen each aspect below, the following percentages of **foundation leaders** say yes:

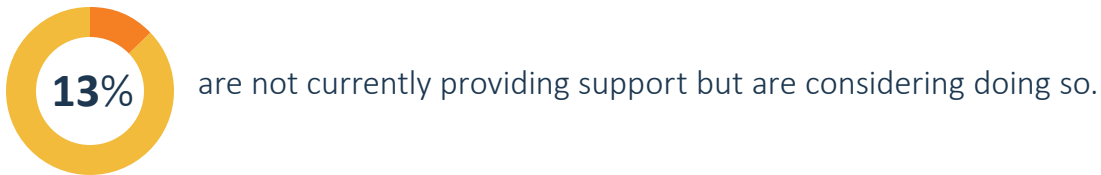
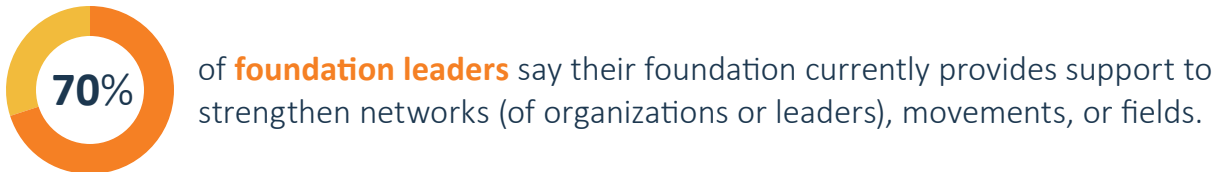


PERCENTAGE OF **FOUNDATION LEADERS**






Leaders of foundations with annual giving greater than or equal to ~\$14 million (the median giving of respondent organizations) are more likely to report their foundation providing capacity-building grants intended to strengthen groups or networks of grantee organizations.²

FOUNDATIONS' PROVISION OF NETWORK SUPPORT



When asked an open-ended question about how they are providing support or considering providing support to strengthen networks, **foundation leaders** mention:

-  Supporting or facilitating meetings/events — **24%**
-  Supporting collaborations — **23%**
-  Supporting intermediary (e.g., membership, umbrella) organizations — **21%**



LINDA BAKER, *Director,*
Organizational Effectiveness

THE IMPORTANCE OF NETWORKS

“In today’s accelerating and deeply interconnected world, strong networks are an essential element for social and environmental change. To succeed, both formal and informal networks must communicate, leverage opportunities, and powerfully collaborate across issues and sectors—allowing individual leaders and organizations to work together to meet the demands of a changing world.”

OVERVIEW OF CURRENT PRACTICES:

Providers of Support

PROVIDERS OF ASSISTANCE BEYOND THE GRANT

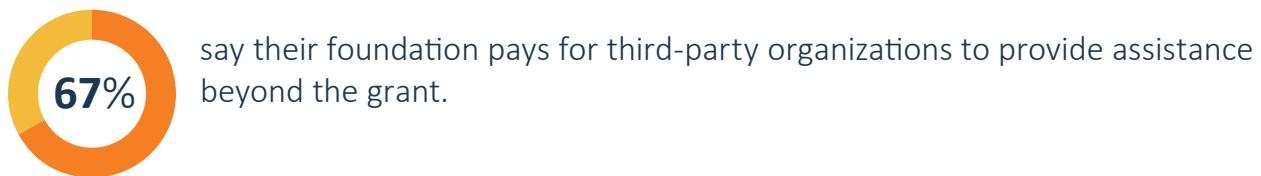
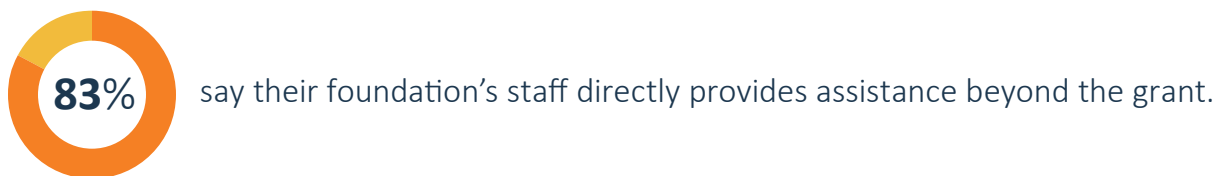
Who provides the assistance beyond the grant nonprofits CEOs say their organization receives?

According to **nonprofit CEOs**:



PERCENTAGE OF **NONPROFIT CEOs**

According to **foundation leaders**:



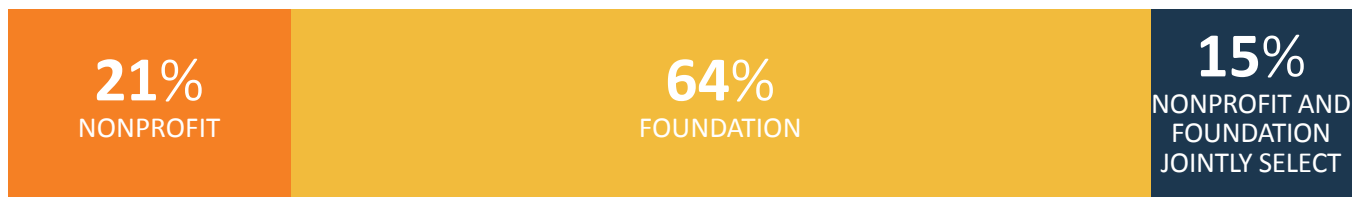
SATISFACTION WITH QUALITY OF PROVIDERS

Most nonprofit CEOs are very or completely satisfied with the quality of assistance provided, whether by foundation staff or third party.

SELECTION OF PROVIDERS OF ASSISTANCE BEYOND THE GRANT

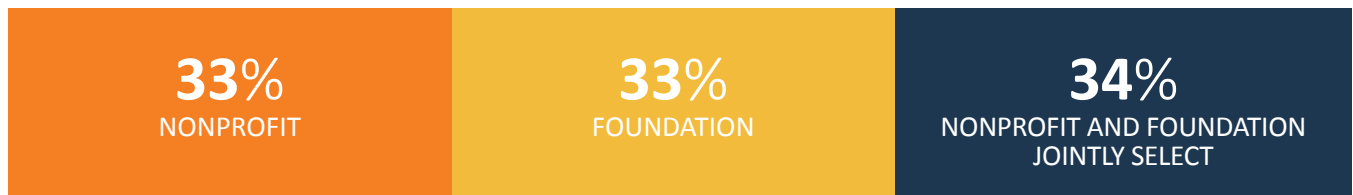
Who typically selects the third-party provider?

According to **nonprofit CEOs:**



PERCENTAGE OF **NONPROFIT CEOs**

According to **foundation leaders:**



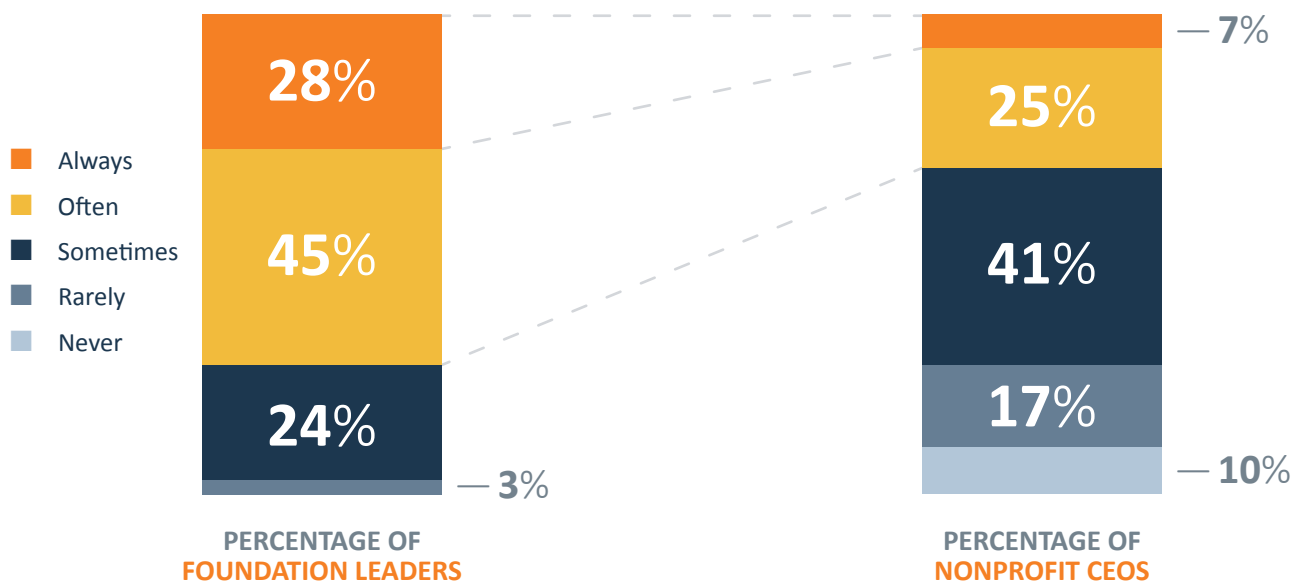
PERCENTAGE OF **FOUNDATION LEADERS**

OVERVIEW OF CURRENT PRACTICES: Follow-Ups and Assessments

FOLLOWING UP TO UNDERSTAND EFFECTS OF SUPPORT




Most foundation leaders say their foundation follows up with grantees often or always to understand the effects of support it provided. **Yet...**

Only about one-third of **nonprofit CEOs** report that their foundation funders often or always follow up to understand the effects of the support.

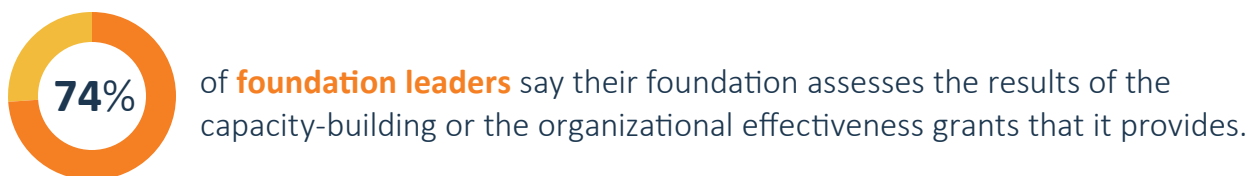


MOST USEFUL TYPE OF INFORMATION GRANTEES PROVIDE


When asked about the most useful type of information grantees provide when foundations follow up, **foundation leaders** write about:

-  Direct feedback from, or conversations with, grantees about the effects of support provided — **44%**
-  Information about the impact that grantees had or outcomes achieved — **43%**
-  Formal grant reports — **32%**

ASSESSING CAPACITY-BUILDING OR ORGANIZATIONAL EFFECTIVENESS GRANTS



When asked to elaborate on how they assess the results:

 **42%** have grantees submit reports or evaluations of their work.

 **37%** conduct evaluations of grantees' work themselves.


 **28%** have conversations with grantees.

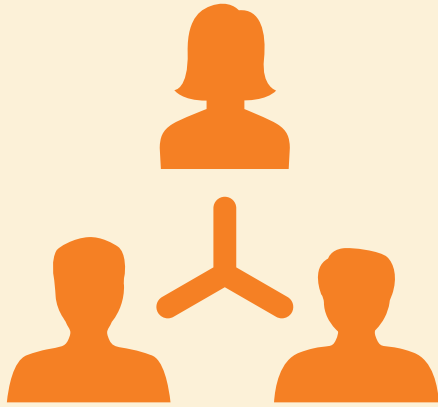
QUALITY OF WORK PERFORMED BY THIRD PARTIES

When **foundation leaders** were asked how their foundation assesses the quality of work performed by third-party providers:

 **64%** say through grantee reporting and feedback.

 **20%** say foundation staff monitor or review the work that was done.

 **15%** assess the outcomes of grantees' work as a means of assessing the quality of work performed by third parties.



Finding 1

Foundations are not as in touch with nonprofits' needs as they think.

Almost all foundation leaders say that their foundation:

- ▶ feels responsible for strengthening grantees;
- ▶ cares about grantee organizations' overall health; and
- ▶ is aware of grantees' needs.

In contrast, the majority of nonprofit CEOs say:

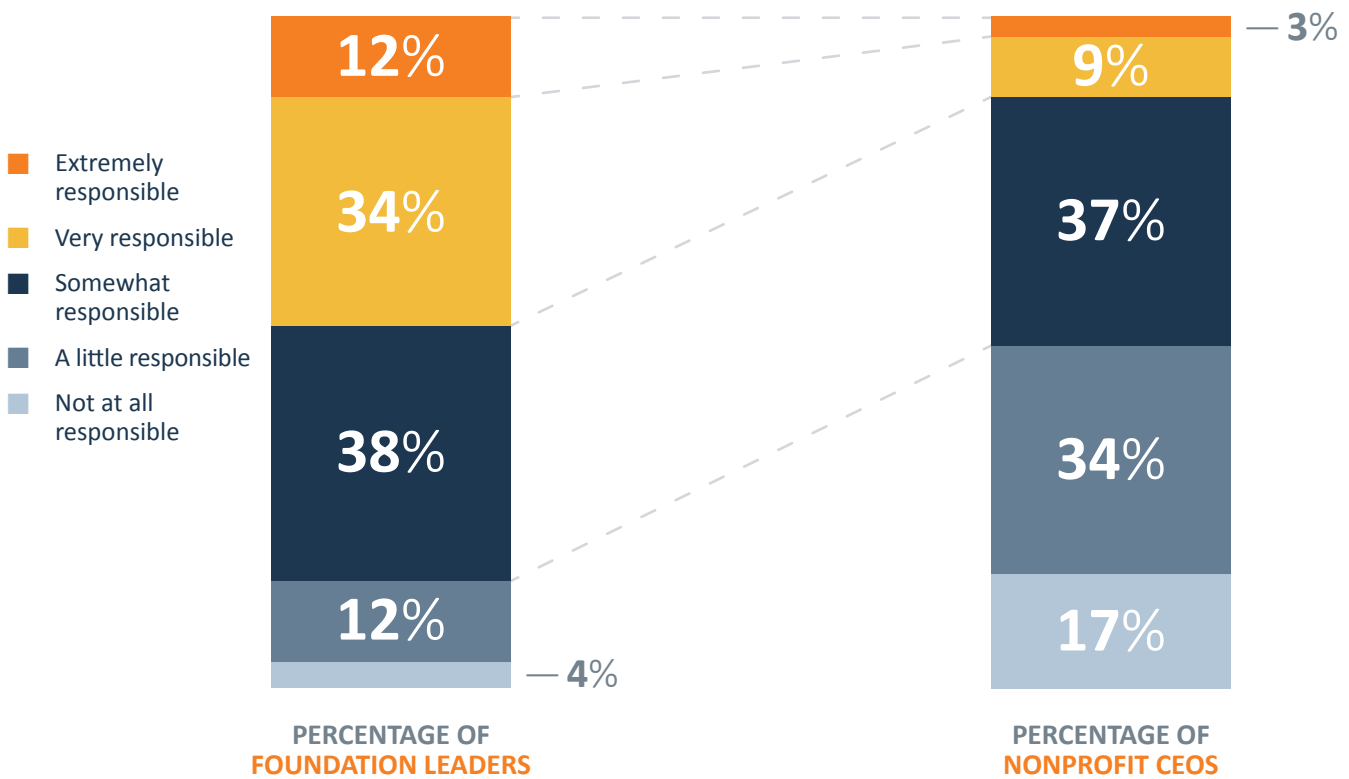
- ▶ their foundation funders feel no or little responsibility for strengthening their organization;
- ▶ most foundation funders do not care about strengthening the overall health of their organization; and
- ▶ most foundation funders do not ask about their organization's needs beyond funding.

Finding 1

RESPONSIBILITY FOR STRENGTHENING ORGANIZATIONS

Most foundation leaders believe their foundation feels at least somewhat responsible for strengthening its grantees. **Yet...**

Half of nonprofit CEOs report that their foundation funders feel no, or just a little, responsibility for strengthening their organization.



CARE FOR GRANTEE ORGANIZATIONS' OVERALL HEALTH



95%

of **foundation leaders** believe their foundation cares about strengthening the overall health of their grantees. **Yet...**



43%

of **nonprofit CEOs** say a majority of their foundation funders care about strengthening the overall health of their organization.

AWARENESS OF GRANTEE'S NEEDS



87%

of **foundation leaders** believe their foundation is aware of grantees' needs. **Yet...**



58%

of **nonprofit CEOs** say none or few of their foundation funders ask about their organization's overall needs beyond funding.

Finding 2

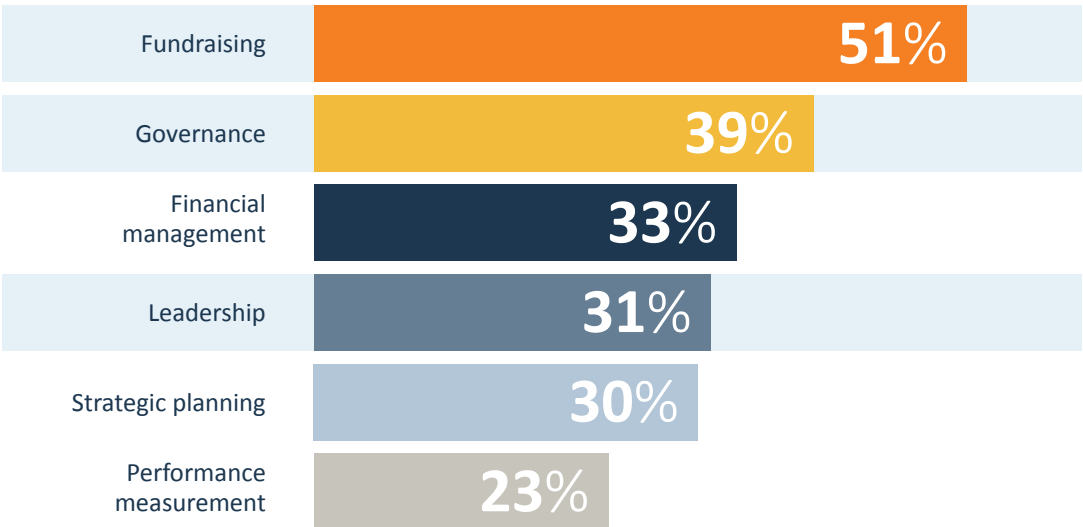
Nonprofits most desire help in fundraising, staffing, and communications.

Fundraising, staffing, and communications are areas nonprofit CEOs say their organization most commonly seeks to strengthen—and there may be more need in particular for staffing and communications support than foundation leaders realize.

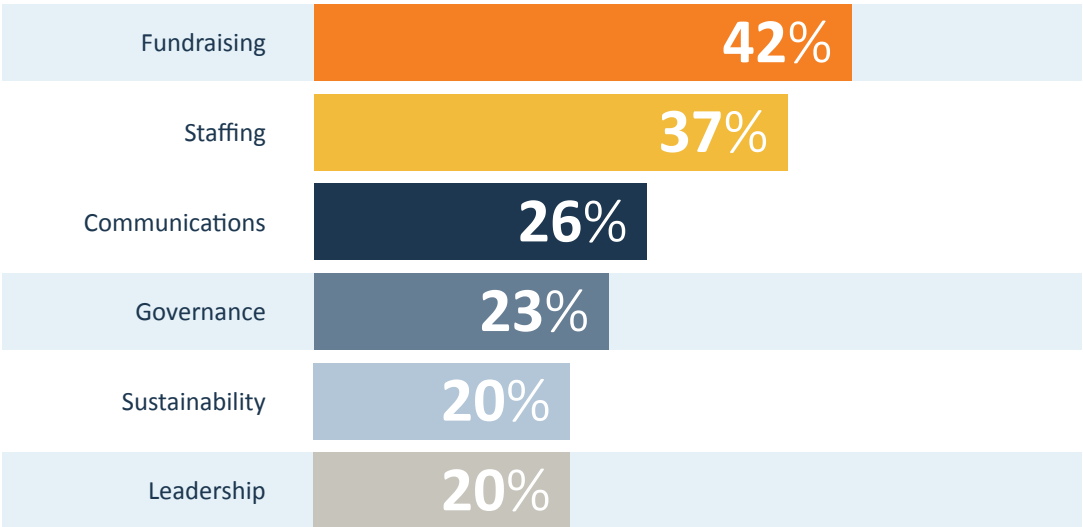


AREAS OF GRANTEE ORGANIZATIONS THAT MOST COMMONLY NEED STRENGTHENING

Areas commonly mentioned by both foundation leaders and nonprofit CEOs



PERCENTAGE OF FOUNDATION LEADERS WHO LIST AREA



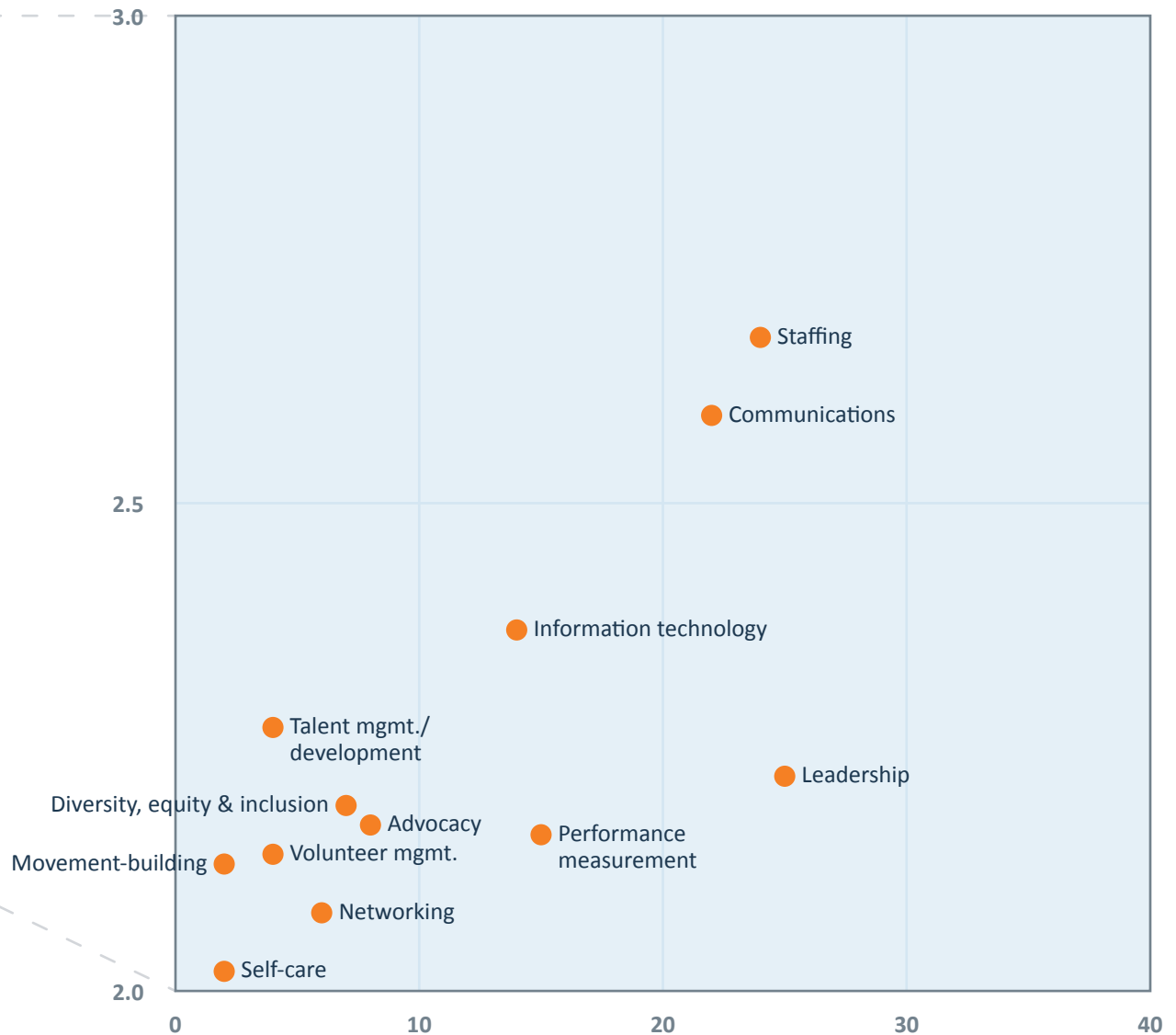
PERCENTAGE OF NONPROFIT CEOs WHO LIST AREA

Finding 2

AREAS OF OPPORTUNITY FOR FUNDERS TO DO MORE



For the horizontal axis, foundation leaders were asked, “When grantees request support from your foundation to strengthen their organizations, which of the following organizational aspects are they most frequently seeking to strengthen? Please select the three most common aspects.” The scale is based on percentage of respondents who selected each area.



For the vertical axis, nonprofit CEOs were asked, “Please indicate the degree to which your organization still needs more support from foundation funders to strengthen any of the following aspects of your organization, staff, or work.” The scale is based on the mean rating on a 4-point scale; 1 = “We do not need any additional foundation support,” 2 = “We need a little additional foundation support,” 3 = “We need some additional foundation support,” and 4 = “We need a lot of additional foundation support.” CEOs could respond to this question, regardless of whether their organization was receiving support or not.

Finding 2

WHY SUPPORT FOR COMMUNICATIONS IS NEEDED

“

When we were starting up, a funder provided us with a consultant to help us develop a case for support and figure out how to articulate our work. That was so, so helpful. It helped us get funding from other organizations and helped us grow.

–NONPROFIT CEO

“

We received press, ads, and outreach assistance from the foundation [and] public acknowledgment of the partnership. Affiliations with large foundations show we are strong and a good investment for donations and others looking for an organization to support.

–NONPROFIT CEO

“

We received assistance with media to highlight programming. It can be difficult to get the ear of newspapers or radio on your own.

–NONPROFIT CEO



RUSTY STAHL
President and CEO



WHY SUPPORT FOR STAFFING IS NEEDED

“

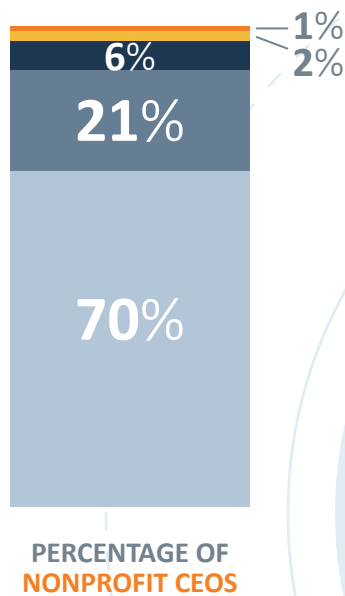
Most nonprofits do not have the capital or the incentives to invest in their people. Most funders focus on the financial and program strengths and needs of grantees, not on the staffing strengths and needs. This dearth of investment can produce an unjust workplace, weak recruitment, poor work conditions, burnout and turnover, and unhealthy executive transitions. At Fund the People, we think grantmakers can be a pivotal part of the solution. The management literature shows that employees drive capacity, which fuels performance, which in turn drives impact and sustainability. Effective funders proactively learn about their grantees' specific staff-development needs and opportunities and then integrate “talent investments” into their grantmaking. Optimally, funders can help to strengthen nonprofit staffing systems, enabling them to provide living wages, meaningful benefits, supportive personnel policies, robust professional development, and a healthy organizational culture.

CLOSER LOOK AT SUPPORT RECEIVED FOR LEADERSHIP

Only about one-third of nonprofit CEOs say they receive support to strengthen their organization’s leadership.

My organization receives support to strengthen leadership from _____ of our foundation funders:

- Almost all
- Most
- Some
- A few
- None



For more information about the role foundations can play to support diversity in nonprofits, please see CEP’s 2018 research report *Nonprofit Diversity Efforts: Current Practices and the Role of Foundations*.³



YOLANDA COENTRO
President and Chief Executive Officer

IMPORTANCE OF DIVERSE LEADERSHIP

“To build the kind of world-class teams we need to achieve social change, nonprofits need resources to develop and retain diverse leaders. We know that more diverse teams perform better, connect more meaningfully with communities served, improve the bottom line, and are more skilled at problem solving.

The Institute for Nonprofit Practice builds the capacity of current and future nonprofit leaders through comprehensive leadership development programming—and we are laser focused on racial and gender equity. Year to year, at least 50 percent of the nonprofit professionals that come through our program are people of color, and 60 percent are women. There is no shortage of diverse talent, and the demand for programs like ours continues to grow.

Nonprofits need leadership support but can’t afford to make these investments on their own. Funders can help. Significantly investing in capacity builders that support diverse leaders is one way to commit to a more equitable—and thus, more effective—sector.

Finding 2



MEHER SHULMAN
*Associate Director,
Nonprofit Support Program*

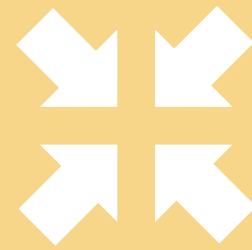


A COMMUNITY FOUNDATION'S EFFORTS TO STRENGTHEN GRANTEES

“The Hartford Foundation for Public Giving has invested significant resources in its Nonprofit Support Program (NSP), which provides a broad range of services to help area nonprofits build organizational capacity over time and in a sustained way.⁴ As a community foundation, the Hartford Foundation believes that part of its mission is to help build a stronger, more adaptable, and resilient nonprofit sector. Since we invest in the sector through our grantmaking, it is in our vested interest to ensure that nonprofits have the organizational and leadership capacity to deliver on their missions and meet community needs. That is why the Hartford Foundation has made a significant commitment and investment in its capacity-building work over 20-plus years.

NSP assists nonprofits to successfully advance their missions by developing mission-aligned strategies, building strong management and leadership practices, and securing the resources to support their missions and the communities they serve. We also nurture strong and deep relationships with grantees to make them comfortable discussing problems and challenges with our staff. These relationships allow us to work alongside grantees to flesh out needs and determine the best mix and sequence of services to promote long-term sustainability. Through NSP, we offer a wide variety of grants, assessments, and learning opportunities to help nonprofits to plan for their futures, evaluate their effectiveness, improve operations and finances, build strong board and staff leadership, and update technology to further their missions. In addition, we strive to build consultant capacity to deliver high-quality services to nonprofits through consultant convenings, professional development offerings, and hosting a free online directory of consultants that serve New England.⁵





Finding 3

Both nonprofits and foundations have a role to play in closing the gap between the support nonprofits need and the support foundations provide.

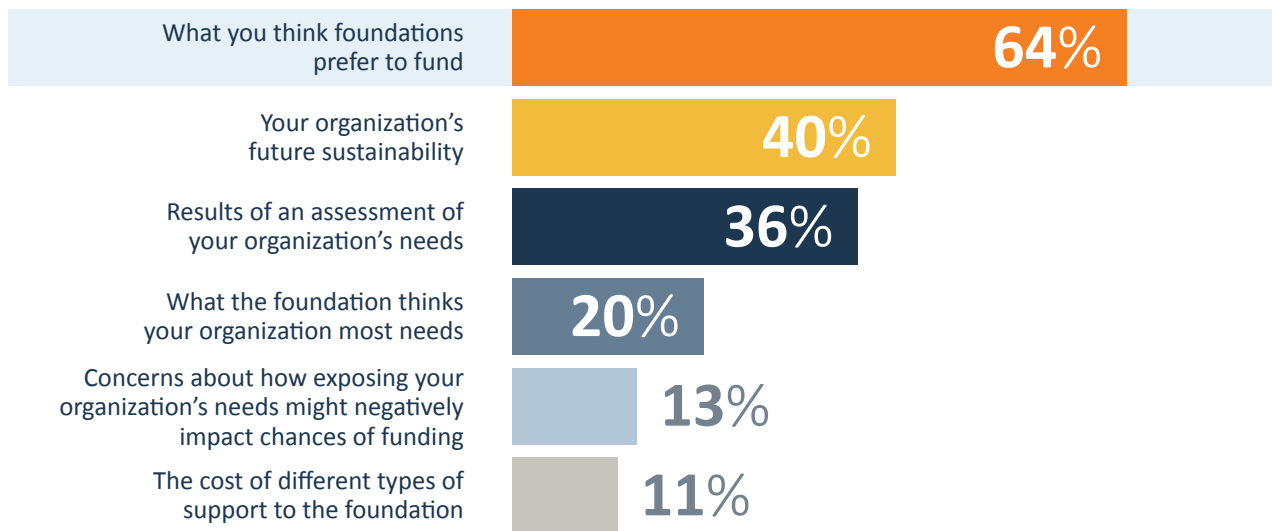
Nonprofits should ask for what they really need. When nonprofit CEOs request support, they ask for what they think funders want to provide, rather than for what they truly need to strengthen and sustain their organization. This is problematic because foundation leaders report giving a great deal of consideration to grantees' requests for specific support.

Foundations should consider how they can overcome the challenges they face in providing support. Fewer than one-third of foundation leaders say their foundation gives a great deal of consideration to program staff's workloads relative to time needed to provide support. The most frequently cited challenge to providing support to grantees that they name is a lack of internal staff capacity or time.

Finding 3

NONPROFITS' REQUESTS FOR THEIR NEEDS

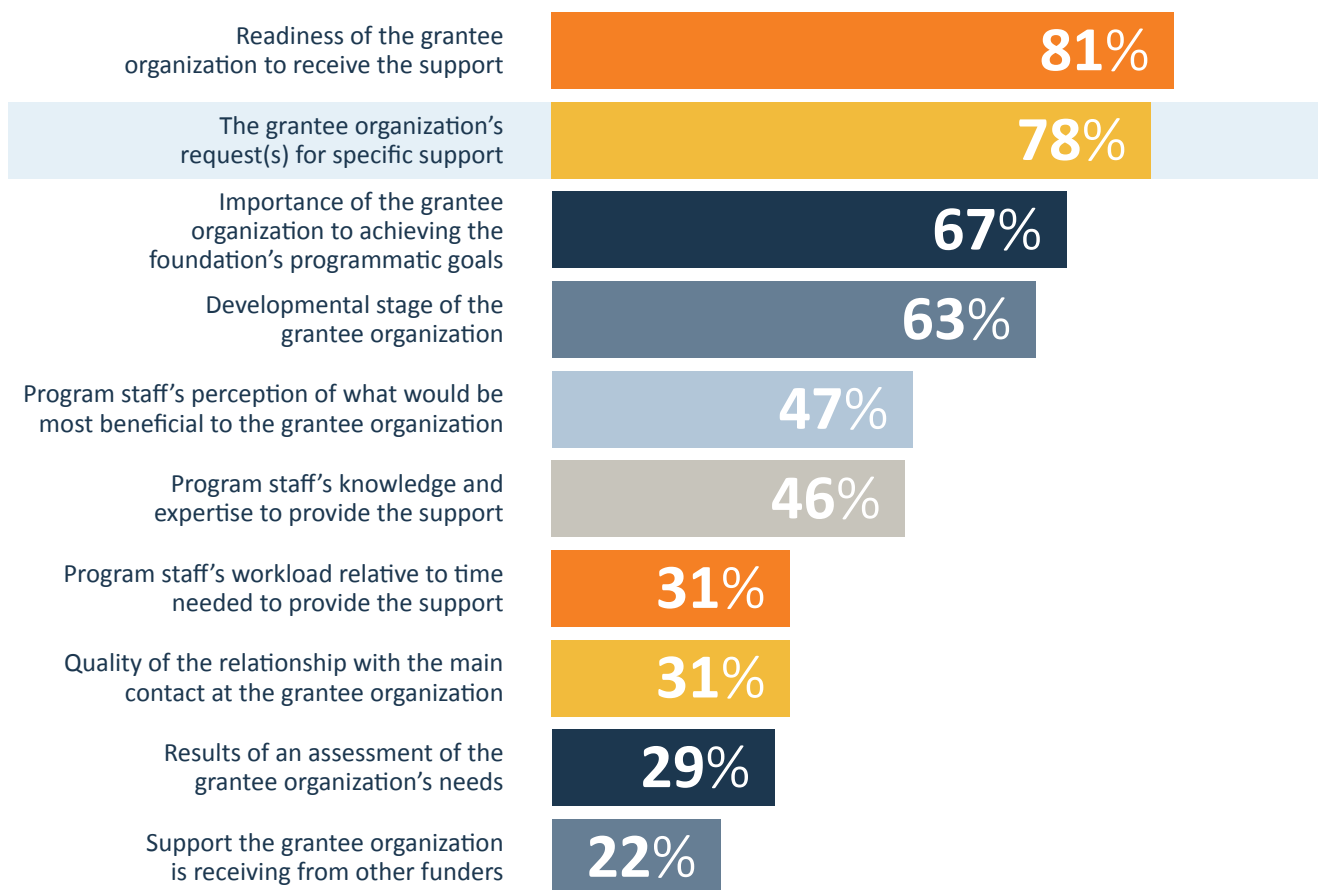
Percentage of **nonprofit CEOs** who say they take each into consideration to a large extent when determining whether or what support to request to strengthen their organization:



PERCENTAGE OF **NONPROFIT CEOs**

FOUNDATIONS' CONSIDERATIONS FOR PROVIDING SUPPORT

Percentage of **foundation leaders** who say their foundation gives a great deal of consideration to each when considering whether or what support to provide to a grantee organization:

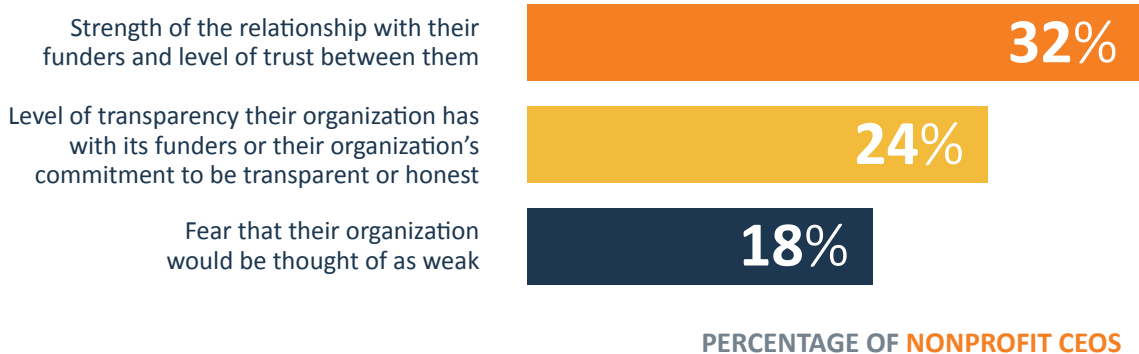


PERCENTAGE OF **FOUNDATION LEADERS**

Finding 3

WHAT MAKES GRANTEES COMFORTABLE (OR NOT) TELLING FUNDERS THEIR NEEDS

When **nonprofit CEOs** were asked an open-ended question about what made them comfortable or uncomfortable telling funders their needs, the three most common considerations were:



PERCENTAGE OF **NONPROFIT CEOs**



The more long-term and strong the relationship, the more comfortable I am in sharing needs. With a less secure relationship, I am reluctant to share needs because I am afraid they may be perceived as weaknesses that would impact future funding.

—**NONPROFIT CEO**

For more information about building strong funder–grantee relationships, please see CEP’s 2017 research report *Relationships Matter: Program Officers, Grantees, and the Keys to Success*.⁶



ANTHONY RICHARDSON
Associate Director

THE
NORD
Family Foundation

HOW TO BUILD A RELATIONSHIP IN WHICH GRANTEES CAN COMMUNICATE THEIR NEEDS

“ Funders should give deference to the nonprofit leaders who often have a better understanding of their organizational needs and direction. And while some nonprofits are uncomfortable asking for what they need, and thus apply for what they think funders want to support, the proverbial “funder-knows-best” style of grantmaking is not conducive to forming or sustaining relationships with a servant leadership ethos.

In order to assist our grantee partners in reaching their greatest potential, we as funders must obliterate power dynamics and embrace our funder privilege from a genuine place of humility. If not, we will never fully understand our grantee partners’ work and/or needs.

In that spirit, here are a few practices or strategies to consider:

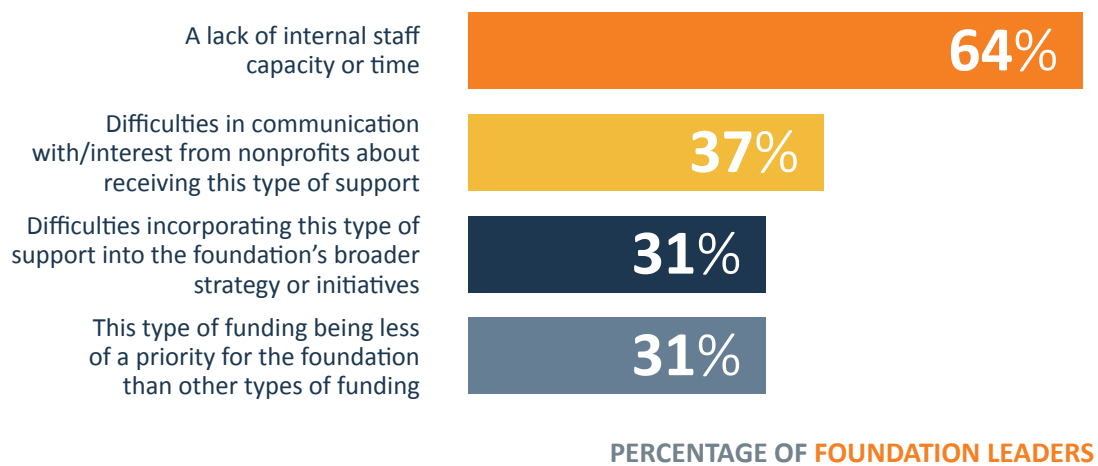
- ▶ Build trust and listen effectively to your grantee partners.
- ▶ Embrace the notion of servant leadership. Ask your grantee partners, “How can we help?” rather than telling them, “This is how we want/are going to help!”
- ▶ Seek to understand what your grantee partners truly need. Don’t assume you know what they need.
- ▶ Think of evaluation and grant reviews as shared learning experiences, not punitive exercises or “gotcha” moments.
- ▶ Always keep in mind: you work for a foundation, but the money is NOT yours!



Finding 3

CHALLENGES FOUNDATIONS FACE IN PROVIDING SUPPORT TO STRENGTHEN GRANTEES

When asked to describe the top three challenges their foundation faces in providing support to grantees, **foundation leaders** write about:





Finding 4

Nonprofit CEOs see general operating support grants as having the greatest impact on strengthening their organizations.

Nonprofit CEOs report that general operating support grants have the most impact on strengthening their organization, followed by capacity-building/organizational effectiveness grants.

Finding 4

IMPACT OF SUPPORT⁸

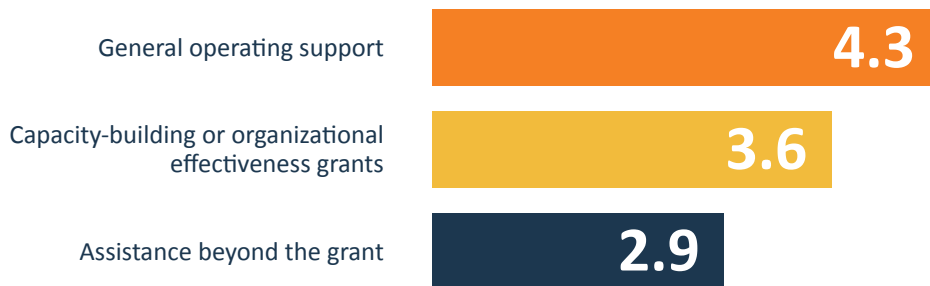
General operating support has more impact on strengthening grantee organizations, according to **nonprofit CEOs**, than:

- ▶ capacity-building or organizational effectiveness grants
- ▶ assistance beyond the grant

 *CEOs of nonprofits with budgets that rely more heavily on foundation funders are more likely to say that general operating support has more impact.*

Capacity-building or organizational effectiveness grants are rated as having more impact than assistance beyond the grant.

 *CEOs of nonprofits that receive multiyear capacity-building or organizational effectiveness grants are more likely to say the grants had greater impact on strengthening their organization.*



NONPROFIT CEO RATING OF IMPACT
1 = no impact and 5 = a lot of impact

TWO MOST FREQUENTLY MENTIONED BENEFITS OF GENERAL OPERATING SUPPORT

- 1 **37%** of **nonprofit CEOs** say the most important benefit is the **flexibility** it gives organizations to meet their needs
- 2 **34%** of **nonprofit CEOs** say the most important benefit is allowing nonprofits to pay for their **operational needs**

No other benefits were listed by more than **20%** of **nonprofit CEOs**.

“

It gives us the flexibility to use the funds in the best way possible, in the moment, to best fulfill our mission.

—NONPROFIT CEO



NICKY MCINTYRE
Chief Executive Officer



WHY FLEXIBLE SUPPORT IS IMPORTANT

“ Foundation for a Just Society prioritizes multiyear, general operating grants because we believe that reliable, flexible funds are vital to strengthening the resilience and effectiveness of organizations and movements. By placing as few restrictions as possible on our grants, we convey the trust we have in our grantee partners to set their own agendas and priorities and reflect our belief that those who experience injustice most acutely must be central in determining solutions.

This type of support ensures that our grantee partners have the financial capability to seize opportunities, recover from setbacks, or otherwise shift strategies when and how they believe it is necessary to do so. We believe we have a responsibility to align our funding practices with movement realities, which is why, wherever possible, we avoid onerous grantmaking processes and requirements that can be a barrier to funding and unintentionally reward privilege.

Finding 4

TWO MOST FREQUENTLY MENTIONED BENEFITS OF CAPACITY-BUILDING OR ORGANIZATIONAL EFFECTIVENESS GRANTS

- 1 **34%** of **nonprofit CEOs** say the most important benefit is **strengthening organizations** (e.g., addressing needs and improvements)
- 2 **22%** of **nonprofit CEOs** say the most important benefit is allowing nonprofits to pay for their **operational needs**

No other benefits were listed by more than **20%** of **nonprofit CEOs**.



It is so tempting to use donated funds for efforts that directly impact our mission and service work. Capacity-building grants require you to apply them to strengthen your organization... sharpening the saw rather than cutting the wood!

—NONPROFIT CEO



VALERIE STEWART
*Director, Organizational
 Capacity*



WHY CAPACITY-BUILDING SUPPORT IS IMPORTANT

“Our capacity-building support starts with investing in the people that do the work—both board and staff. Strengthening shared leadership has been at the heart of our approach as we’ve evolved to address culture, values, and habits while embedding consulting, coaching, and flexible funds to help nonprofits through more adaptive challenges. As a corporate foundation, we also have the benefit of leveraging the pro-bono skills and expertise of employees of Blue Cross NC when it is a match for our nonprofit partners. Recently, this has taken the form of a skills-based volunteering program that aligns grantees in need of support in areas such as project management, data management, marketing, and business processes with employees eager to volunteer their time and give back.

We also strive to walk alongside our partners for the long haul, being supportive when the work gets messy and giving them the space for experimentation to adapt and change. The daily challenges nonprofits face are intense and exhausting, so we’ve increased our recognition of self-care as playing a critical role for nonprofit leadership sustainability and resilience, and we believe that giving leaders opportunity to care for themselves through intentional practices is important and worthwhile.

All told, creating a supportive environment that addresses individual and organizational needs is paramount and at the heart of our philosophy as an organization.



Conclusion

Both nonprofits and foundations have a role to play in addressing the gap between the support foundations provide and what nonprofits most need.

Nonprofits should be more direct in asking for what they really need. Foundations can't know what is needed unless they hear it directly from their grantees.

That said, it isn't easy for nonprofits to be open and honest about their needs given the power dynamics between those giving and receiving funds. So foundations should consciously work to minimize those dynamics by taking the time and energy to build strong relationships that are rooted in understanding and transparency. Foundations should also consider how they can overcome the challenges they face in providing support to strengthen grantees, particularly their lack of internal staff capacity or time.

In addition, foundations should consider providing more general operating support grants, which nonprofit CEOs say have the most impact on strengthening their organizations. These grants give nonprofits flexibility and allow them to meet their operational needs.

Strengthening organizations is crucial to achieving shared goals. As Nord Family Foundation's Anthony Richardson says, "Show me a strong program, and I'll show you a strong organization. Without the latter, the former does not exist."



Methodology

The findings presented in this report are based on data collected and analyzed by CEP. Nonprofit data come from a survey administered by CEP to CEOs of nonprofit organizations that receive funding from independent foundations and community foundations providing \$5 million or more in annual giving. These CEOs had opted in to CEP’s *Grantee Voice* panel. Foundation data come from a survey administered by CEP to individuals who primarily oversee programs at independent foundations and community foundations providing \$5 million or more in annual giving.

THE GRANTEE VOICE PANEL

The *Grantee Voice* panel was established in the latter months of 2017 in several steps. First, to create a list of nonprofits to invite to the panel, a data set of almost 430,000 registered 501(c)(3) organizations that filed a Form 990 between 2013 and 2016 was obtained from the National Center for Charitable Statistics (NCCS). CEP kept nonprofits in the data set only if they:

- filed a Form 990 between 2015 and 2016;
- are located in the United States;
- recorded annual expenses between \$100,000 and \$100 million;
- have a positive contributed revenue;
- have an identified area of work (based on National Taxonomy of Exempt Entities-Core Codes (NTEECC) coding);
- are not a mutual/membership benefit organization (based on NTEECC coding);
- are not a religious-based organization (based on NTEECC coding);
- are not a hospital or university (based on NTEECC coding);
- are not a foundation (based on NTEECC coding);
- are not a fundraising entity working specifically across issue area groups (based on NTEECC coding);
- are not a supporting organization (based on NTEECC coding);
- are not flagged by NCCS as “out of scope” (i.e., the organization must be a 501(c)(3), nonforeign entity, or a government entity).

After filtering for nonprofits that met the criteria described above, 142,582 nonprofits remained in the data set. CEP then took the filtered data set and randomly selected 14,000 nonprofits, ensuring that this selected sample contained representation across a full range of expenses. CEP worked with Foundation Center to determine whether each nonprofit in this random sample had received any funding between 2013 and 2016 from foundations giving at least \$5 million annually in grants. Only nonprofits that had received such funding remained eligible for an invitation to join the panel. In total, 6,309 nonprofits met this criteria.

Only individuals leading eligible nonprofits (CEO or equivalent) were considered for inclusion. These individuals typically had titles such as executive director, president, or CEO. Ultimately, 3,954 nonprofit CEOs were invited to join the *Grantee Voice* panel after some were removed because of invalid contact information. While the invitation was open, 134 more nonprofit CEOs were removed because of additional information that was received showing they were ineligible for our sample. In total, 676 accepted the invitation of the 3,820 eligible nonprofit CEOs, resulting in an acceptance rate of 17.7 percent. We statistically tested for and saw slight differences in the annual expenses and geographical regions of the organizations that did and did not accept the invitation to join the panel.⁹

NONPROFIT SURVEY SAMPLE

In January and February 2018, a survey about what support nonprofits are receiving from their foundation funders to help strengthen their organizations was sent to the 338 nonprofit CEOs who comprised a randomly-selected half of the *Grantee Voice* panel. While the survey was fielded, one nonprofit CEO was removed from the panel because they had left their organization after joining this panel.

Completed surveys were received from 165 CEOs, and partially completed surveys, defined as being at least 50 percent complete, were received from 5 CEOs. Thus, 170 of the 337 eligible CEOs completed the survey, for a response rate of 50.4 percent.

Survey Period	Number of CEOs Surveyed	Number of Responses	Survey Response Rate
January–February 2018	337	170	50.4%

FOUNDATION SURVEY SAMPLE

During the same survey window, a survey to understand what support foundations are providing to grantees to help strengthen organizations and their leaders was sent to the 585 foundation leaders who primarily oversee programs at independent and community foundations providing \$5 million or more in annual giving. While the survey was fielded, 16 foundation leaders were removed from the panel because they had left their respective organizations or had outdated contact information.

Completed surveys were received from 186 leaders, and a partially completed survey, defined as being at least 50 percent complete, was received from one leader. Thus, 187 of the 569 eligible leaders completed the survey, for a response rate of 32.9 percent.

Survey Period	Number of Leaders Surveyed	Number of Responses	Survey Response Rate
January–February 2018	569	187	32.9%

SURVEY ADMINISTRATION

Both surveys were fielded online for a four-week period from January 16 to February 12, 2018. Both samples were sent a brief e-mail that included a description of the purpose of the survey, a statement of confidentiality, and a link to the survey. Leaders were sent up to seven reminder e-mails.

NONPROFIT SURVEY INSTRUMENT

The survey consisted of 35 items and included questions about the impact and types of capacity-building grant support received, whether nonprofits have received assistance beyond the grant from foundations, considerations nonprofit CEOs take into account when asking for capacity-building support, and the types of support needed to strengthen their organizations.

FOUNDATION SURVEY INSTRUMENT

The survey consisted of 40 items and included questions about the types of foundation support provided to grantees to help strengthen their organization, the processes implemented to administer this support to grantees, and foundation funders' understanding of their grantees needs.

NONPROFIT RESPONSE BIAS

Nonprofits represented by CEOs who responded to the survey did not differ from nonrespondent organizations by staff size, annual expenses, or region of the United States in which the nonprofit is located.¹⁰

FOUNDATION RESPONSE BIAS

Foundations represented by leaders who responded to the survey did not differ from nonrespondent organizations by annual giving, age of foundation, or foundation type (i.e., whether the foundation was an independent/health conversion foundation or community foundation).¹¹ However, leaders of foundations that have used a CEP assessment tool were slightly more likely to respond to the survey than those that have not used a CEP assessment tool.¹² Additionally, the geographic regional location of foundations had a slight effect on whether or not its leader responded to the survey.¹³

NONPROFIT SAMPLE DEMOGRAPHICS

The 170 nonprofit CEOs who responded represent a mix of nonprofits that vary widely in size and dependence on foundation money as shown in the table below. Respondents' organizations are located across the country and represent a range of program areas, including human services, the arts, health, community development, the environment, and education.

Nonprofit Characteristics	Range	Median Value
Staff size (in full-time equivalents, FTEs)	1 FTE to 1,500 FTEs	10 FTEs
Annual Expenses	~\$122 thousand to ~\$70 million	~\$1 million
Proportion of revenue coming from foundation grants	<1% to 95%	17%

FOUNDATION SAMPLE DEMOGRAPHICS

Of the foundations in our final sample of respondents, 68 percent were independent foundations and 32 percent were community foundations. Health conversion foundations accounted for six percent of the independent foundations. The median asset size for foundations in the sample was approximately \$227 million and the median annual giving level was approximately \$14 million. The median foundation in this study was established 45 years ago.

Foundation Characteristics	Range	Median Value
Age	10 years to ~100 years	45 years
Assets	~\$2 million to ~\$12.2 billion	~\$227 million
Giving	~\$5 million to ~\$512 million	~\$14 million

NONPROFIT AND FOUNDATION QUALITATIVE ANALYSIS

Thematic and content analyses were conducted on the responses to the following open-ended items in the nonprofit survey:

- *What makes you comfortable or uncomfortable about telling foundation funders [which areas of your organization are in most need of strengthening]?*
- *What is the most important benefit of receiving a capacity-building or organizational effectiveness grant from a foundation funder?*
- *What is the most important benefit of receiving a general operating support grant from a foundation funder?*
- *What do you believe are the top three aspects of your organization that need strengthening?*

Thematic and content analyses were conducted on the responses to the following open-ended survey items in the foundation survey:

- *In the past 12-18 months, what change(s) has your foundation made in its provision of capacity-building, organizational effectiveness, or general operating support grants?*
- *What do you believe are the top three aspects of your foundation's grantee organizations that most commonly need strengthening?*
- *What are the top three challenges your foundation currently faces in providing support to strengthen grantee organizations?*
- *How does your foundation assess the results of the capacity-building or the organizational effectiveness grants that it provides?*
- *How does your foundation assess the quality of work performed by third-party providers?*
- *What is the most useful type of information your grantees provide to inform your foundation's understanding of the effects of the support provided?*

A coding scheme was developed for each open-ended item by reading through all responses to recognize recurring ideas, creating categories, and then coding each respondent's ideas according to the categories.

Codebooks were created to ensure that different coders would be coding for the same concepts rather than their individual interpretations of the concepts. One coder coded all responses to a question and a second coder coded 15 percent of those responses. At least an 80 percent level of interrater agreement was achieved for each code for each open-ended item.

Selected quotations from the open-ended survey responses were included in this report. These quotations were selected to be representative of the themes seen in the data.

NONPROFIT AND FOUNDATION QUANTITATIVE ANALYSIS

To analyze the quantitative survey data, descriptive statistics were examined and a combination of independent samples t-tests, paired samples t-tests, ANOVAs, and chi-square analyses were conducted. An alpha level of 0.05 was used to determine statistical significance for all testing conducted for this research. Effect sizes were examined for all analyses.

Endnotes

1. A chi-square analysis of foundation type was conducted, and a statistically significant difference of a large effect size was found ($\phi = 0.48$).
2. A chi-square analysis of foundation giving was conducted, and a statistically significant difference of a medium effect size was found ($\phi = 0.27$).
3. *Nonprofit Diversity Efforts: Current Practices and the Role of Foundations* can be downloaded at <http://research.cep.org/nonprofit-diversity-efforts>
4. More information about Hartford Foundation for Public Giving's Nonprofit Support Program can be found at <http://hfpg.org/nsp>
5. A free online directory of consultants that serve New England can be found at <http://www.neconsultant.org/>
6. *Relationships Matter: Program Officers, Grantees, and the Keys to Success* can be downloaded at http://research.cep.org/relationships-matter_program-officers_grantees_keys-to-success
7. Anthony Richardson's quote is an excerpt taken from a blog post he wrote for CEP. The blog post can be found at <http://cep.org/foundations-should-fund-what-nonprofits-really-need/>
8. For all differences in this section, statistically significant differences of medium and large effect sizes were found.
9. A chi-square analysis of expense quartiles was conducted, and a statistically significant difference of a small effect size was found. Nonprofits with annual expenses less than \$1.7 million were slightly more likely to accept the invitation to join the panel, and nonprofits with annual expenses of \$1.7 million or more were slightly less likely to accept the invitation to join the panel. A chi-square analysis of geographic region was conducted, and a statistically significant difference of a small effect size was found. Nonprofits located in the western United States were slightly more likely to accept the invitation to join the panel, and nonprofits located in the southern United States were slightly less likely to accept the invitation to join the panel.
10. A chi-square analysis was conducted between whether or not nonprofit CEOs responded to our survey and whether those nonprofits were less than or greater than or equal to the median staff size of nonprofits in our data set. No statistically significant differences were found. A chi-square analysis was conducted between whether or not nonprofit CEOs responded to our survey and whether those nonprofits were less than or greater than or equal to the median yearly expenses of nonprofits in our data set. No statistically significant differences were found. A chi-square analysis was conducted between whether or not nonprofit CEOs responded to our survey and the geographic region in which the nonprofit was located. No statistically significant differences were found.
11. A chi-square analysis was conducted between whether or not foundation leaders responded to our survey and whether those foundations had annual giving levels that were greater than or less than the median annual giving of foundations in our data set. No statistically significant differences were found. A chi-square analysis was conducted between whether or not foundation leaders responded to our survey and whether those foundations were older or newer than the median age of foundations in our data set. No statistically significant differences were found. A chi-square analysis was conducted between whether or not foundation leaders responded to our survey and whether those foundations were an independent or community foundation. No statistically significant differences were found.
12. A chi-square analysis was conducted between whether or not foundation leaders responded to our survey and whether or not those foundations have used a CEP assessment tool. A statistical difference of a small effect size was found. Leaders of foundations that have used a CEP assessment tool were slightly more likely to respond to our survey than expected.
13. A chi-square analysis was conducted between whether or not foundation leaders responded to our survey and the geographic region in which the foundation was located. A statistical difference of a small effect size was found. Leaders of foundations in the Midwest and West were slightly more likely to respond to our survey than expected.



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