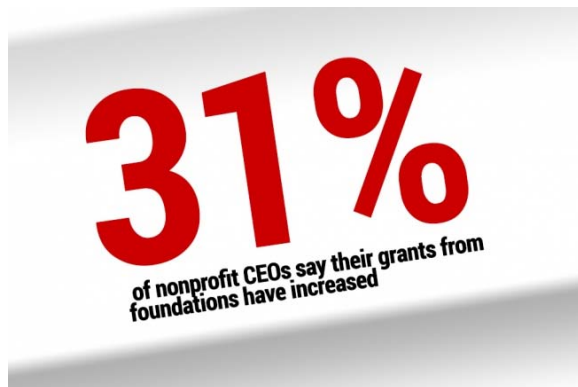


ARTICLE

JUNE 08, 2020

Nonprofits That Rely on Foundation Grants Fare Better Than Others Amid Pandemic

By Dan Parks



Most nonprofits that get foundation grants haven't suffered cutbacks as many had feared when the Covid-19 and economic crisis struck in March, a study released today finds.

Thirty-one percent of nonprofit CEOs say that their grants have increased during the Covid-19 pandemic, and 39 percent say they've stayed the same, Thirty percent say

those grants have decreased.

The findings from the Center for Effective Philanthropy about grant maker and major donor support during the pandemic are based on responses from 172 CEOs of nonprofits that receive at least one grant from staffed foundations that give \$5 million or more annually.

The survey found that revenue from other sources was far less reliable. Only 14 percent of nonprofit CEOs reported an increase in giving by major donors (those who give more than \$7,500 annually), while 43 percent saw gifts from those donors decline. For donors who contribute less than \$7,500 annually, only 18 percent of CEOs reported increased giving, while 51 percent saw decreased giving.

The situation was even more bleak for revenue nonprofits earn from fees for services, ticket sales, and other similar activities, where 77 percent of CEOs saw a decline.

In terms of the overall impact of the pandemic, 84 percent of CEOs said it has had a moderate or significant negative impact on their organizations. Eighty-one percent said they plan to reduce programs or services.

How Nonprofit Revenue Has Changed as a Result of the Pandemic

	Decreased	Not Changed	Increased
Grants from staffed foundations	30%	39%	31%
Gifts from major donors*	43%	42%	14%
Gifts from small donors	51%	31%	18%
Earned revenue	76%		18%

*Big donors are those who give more than \$7,500 annually

Source: Center for Effective Philanthropy • [Get the data](#) • Created with [Datawrapper](#)

Disparities by Leaders' Race and Gender

The study found sharp difference in how nonprofits are faring based on the gender and race of their leaders.

Among nonprofit leaders of color, 52 percent said their foundations and major donors have been very helpful, compared with only 29 percent of nonprofit leaders who didn't disclose their racial background.

Ellie Buteau, vice president for research at the Center for Effective Philanthropy, said those findings were among the more surprising results in the study. It could be due to an increased focus by foundations and big donors on diversity, equity, and inclusion, "or maybe expectations were lower given past experiences that leaders of colors have had" with foundations and big donors, Buteau said.

The study also found that among nonprofits led by women, 53 percent haven't had conversations with any major donors about how the pandemic might affect financial support in the future, compared with 17 percent of male nonprofit CEOs.

Buteau said the difference also could be attributed to major donors being more open to reaching out to men to discuss money. (The study question didn't specify which party initiated the conversation.)

Nonprofit leaders also reported a wide variety of ways that foundations have helped during the pandemic, such as allowing project grants to be converted to general operating support and waiving reporting deadlines.

Actions That Staffed Foundations Have Taken, According to Nonprofit CEOs

	None of our staffed grant makers have done this	Fewer than half of our staffed grant makers have done this	More than half of our staffed grant makers have done this
Allowed goals of current grants to shift	28	52	20
Extended deadlines for completing work funded by current grants	30	47	23
Waived reporting deadlines or made them flexible	33	49	18
Converted restricted grant funds to unrestricted funding	39	48	13
Provided supplemental grants	41	55	
Offered to discuss converting restricted grant funds to unrestricted	45	44	11
Accelerated payment schedules on grants	53	44	
Increased size of current grants	78		22
Automatically renewed grants for additional years	80		19

Source: Center for Effective Philanthropy • [Get the data](#) • Created with [Datawrapper](#)

Buteau said because of the way the sample was picked, the responses represented a statistically representative view of nonprofits that receive foundation support.

Cathy Moore, executive director of Epiphany Community Health Outreach Services in Houston, says that overall her experience with foundations and major donors during the pandemic has been positive. One foundation, a longtime supporter, temporarily halted its funding, and another major supporter reduced a two-year grant commitment to one year, at least for now, she said. However, that foundation also boosted the amount it is giving the group this year to help during the pandemic, she said.

In addition, the foundation is also helping in other creative ways, including offering members of its staff to help with a variety of office functions.

“When you walk in the door, and their staff is volunteering with us, that’s pretty amazing,” Moore said.

Moore declined to name either of the foundations.

Demand Rises at Groups That Serve the Marginalized

The pandemic has placed a greater burden with more demand for services on nonprofits that serve "historically disadvantaged communities," according to the survey; 61 percent of those CEOs say the demand for services has increased, compared with 35 percent of CEOs at other nonprofits.

Chitra Hanstad, executive director of World Relief Seattle, said her organization has been hit hard by the loss of government contracts for refugee resettlement, which has come to a halt. The nonprofit continues to provide a wide array of services to refugees who have arrived in the United States recently, and demand for those services has increased.

However, Hanstad added that donors have been very generous and flexible during the current crisis. She cited in particular the Stolte Family Foundation, created by Heidi and Chris Stolte. Chris Stolte was co-founder of Tableau Software, and Heidi Stolte is a former educator.

Before the pandemic, the Stolte foundation gave World Relief Seattle a \$105,000 grant for the current year, part of a three-year grant, Hanstad said. After checking to see how the nonprofit was doing amid the pandemic, the foundation gave the nonprofit an additional \$30,000. Hanstad added that the foundation gives more than just money.

"I see them as coworkers, partners," Hanstad said. "They give us not just funding but social support. They ask how we're doing. They provide training for our staff."

However, Hanstad said that while donors are being generous in terms of immediate need, she's worried those donations may come at the expense of funding long-term challenges, such as providing refugees with income stability, securing affordable housing, and attaining citizenship status. "I wish people would give as robustly to systemic solutions," she said.

Stephanie Hull, CEO of Girls Inc., which mostly helps girls of color and girls from low-income families, agreed.

"Everybody is running to one side of the boat, until there's too much weight on one side of the boat," she said.