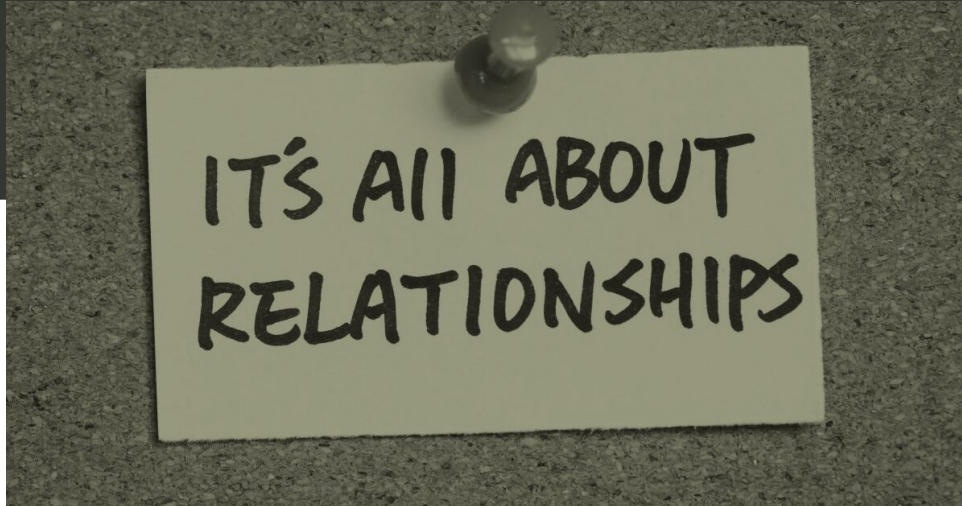


Funder-Grantee Relationships: What the Future May Be

11.23.21 | Linda J. Rosenthal, JD



At the beginning of the pandemic in early March 2020, one of the critical unknowns was whether institutional funders would step up adequately to “meet the moment” of this rapidly spreading global catastrophe.

The answer came quickly. The fury unleashed by COVID-19 was spectacular enough to shatter the status quo of deeply entrenched philanthropy-funding practices – at least in the short run. Within weeks, almost 800 staffed American foundations had joined a [call to action](#), signing a pledge to pump out much more money than usual, particularly in unrestricted grants. They also committed to relaxing a broad range of onerous application and reporting requirements for grantees.

For these past eighteen months, the pivotal question has been whether – and for how long – foundations in the United States will continue some or many of these laudable reforms.

The [Center for Effective Philanthropy](#) (CEP) has just released a [major new national survey](#) and report that gives the nonprofit sector grounds for “[cautious optimism](#).”

Review

We’ve reported extensively on the particulars of this saga over the last year and a half, most recently reviewing and bringing it nearly up to date in [Will Philanthropy Funding Reforms Stay Or Go?](#) (August 11, 2021) and [Will Funders Continue Grantmaking Reforms? Part 2](#) (August 21, 2021).

Among those tracking the data, the CEP has been a leader in analyzing and reporting on it. See most particularly its excellent series from last fall titled [Foundations Respond to Crisis – Three Reports](#):

- [A Moment of Transformation?](#) (November 12, 2020) 28 pages

- [Toward Equity?](#) (December 2020) 36 pages
- [Toward Greater Flexibility and Responsiveness](#) (December 2020) 28 pages

In a provocative article earlier this year, *The Chronicle of Philanthropy*'s Alex Daniels addressed this critical and lingering question. See [Nonprofits Welcome Billions in Pandemic Giving but Wonder if Support Will Last](#) (March 3, 2021). It was reported, separately that same day, that COVID-19-related charitable giving in 2020 had reached a “staggering, just staggering” level: \$20 billion. But, Mr. Daniels wrote, “For many nonprofit leaders, however, the true measure of philanthropy’s response to both the pandemic and the racial-justice uprisings ... will be in whether foundations and other donors continue the less restrictive approaches to grant making they adopted during the pandemic’s early weeks.”

There was no clear answer at that point.

When interviewed separately several months ago, the Center for Effective Philanthropy’s president, Phil Buchanan, said he believes “it’s too soon to predict what will happen,” adding: “Many foundations are still loath to commit to new practices because the pandemic turned so many people’s world upside down.”

But he “saw that foundations could rapidly shift the way that they were working and change practices that have been sort of the default setting.”

So did the foundations themselves. Many pivoted abruptly, and the sky didn’t fall in.

New Report

Earlier this month, the Center for Effective Philanthropy published its follow-up report: [Foundations Respond to Crisis: Lasting Change?](#) (November 2021). It’s based on “new survey and interview data from foundations and nonprofit leaders.”

Almost 300 respondents (from a total of many hundreds more surveys sent out) were “asked about changes, if any, in their grantmaking practices during COVID-19 compared with their earlier policies and procedures. And they were queried about their plans for the future on this point.”

The bottom line is that “while almost all foundation leaders said they “plan to sustain at least some of the changes” made in 2020, “only time will tell whether these changes become permanent elements of foundation practice.” See [Foundations may keep some changes adopted during pandemic, report says](#) (November 20, 2021) Stephanie Beasley, *devex.com*.

Authors Ellie Buteau, Ph.D., Naomi Orensten and Satia Marotta, Ph.D. noted that “some of the changes had been a long time coming. For more than a decade, philanthropic and nonprofit leaders had pushed funders to adopt certain practices, such as providing more flexible and unrestricted funding; streamlining and simplifying application or reporting processes to reduce the burden on grantees; listening to, trusting, and supporting grantees; and pursuing racial equity and racial justice, ...”

The Report’s Executive Summary includes three key conclusions that – depending on how you look at it – are either glass-half-full or glass-half-empty results. See [Some Grant-Making Changes Made](#)

During Pandemic Are Going Away (November 16, 2021, Dan Parks, *The Chronicle of Philanthropy*. But, notably, the pandemic opened the spigot to the point that there *is* – currently – a *substantial* amount of liquid in that glass; a big improvement over the sorry state of funder-grantee relations before March 2020.

These three report conclusions are, verbatim:

- Virtually all foundation leaders say their foundations are working differently now than in early 2020. They most frequently report streamlining processes to reduce the burden on grantees and providing more unrestricted support—changes they say they will sustain.
- Even as they acknowledge they have much yet to do, most foundation leaders say that racial equity is a more explicit consideration in how they conduct their work, and many are modifying their practices as a result. This includes changing how they identify applicants, providing more funding to organizations supporting Black and Latino communities, listening more intensively to grantees, funding systems change, and collaborating.
- Foundations that have boards with more racial diversity tended to adopt more practices to support grantees and the communities they serve. Yet, nearly half of leaders say that their boards are the biggest impediment to their foundation’s ability to advance racial equity.

Conclusion

These findings mirror a recently-published local, San Diego-focused, study. See *The State of Nonprofits Annual Report and Quarterly Index* by the Nonprofit Institute of the University of San Diego’s School of Leadership and Education Sciences.

Respondents (foundation *and* nonprofit leaders) attending a virtual conference on this survey on November 10, 2021, reported on their own COVID-19-related experiences with the funder-grantee experience. In our next post, we’ll explore those findings and link to a valuable (national) online resource on this topic.

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