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The background of the page is a vibrant orange. Overlaid on this are several thick, parallel lines in various colors (dark blue, grey-blue, light blue, yellow, and light grey) that originate from the left edge and trend upwards and to the right. These lines are not perfectly straight, showing slight curves and bends, which adds a sense of movement and complexity to the design.

# FOUNDATIONS RESPOND TO CRISIS: Lasting Change?

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## ABOUT THE CENTER FOR EFFECTIVE PHILANTHROPY

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# Executive Summary

Philanthropic and nonprofit leaders have called for changes in foundation practice for decades, asking funders to, for example, provide more flexible and unrestricted funding; streamline and simplify processes; listen to, trust, and support their grantees; and pursue racial equity and racial justice.

But there had been little evidence of change until the spring of 2020, when many foundations shifted their practices as the scale of the COVID-19 crisis became clear.<sup>1</sup> In a series of [three reports](#) released late last year by CEP, we found that foundations made many changes to their practices, such as providing more unrestricted support and streamlining processes.<sup>2</sup> In addition, many foundations reported providing new support to lower-income, Black, or Latino communities, and to organizations created and led by people from the communities most affected by systemic inequities.<sup>3</sup>

Since then, CEP has collected new survey and interview data from foundation and nonprofit leaders to examine whether these changes continued into 2021 and whether they will continue in the future. (See Methodology for more information.)

## We found that:

- 1 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.
- 2 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.
- 3 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.

A year ago, foundation leaders were unsure of the extent to which they would continue with various changes they had implemented since the onset of the COVID-19 pandemic.<sup>4</sup> This year, almost all foundation leaders told us they plan to sustain at least some of the changes they have made and a sizeable percentage plan to sustain most or all of the changes.

This is not to suggest that the work of change is done, of course. We see in the data some disconnects, barriers, and additional opportunities for further change.

Ultimately, only time will tell whether these changes become permanent elements of foundation practice. As society emerges from the pandemic, it will be crucial to continue to track changes in funder practice over time.

# Introduction

For years, foundation leaders have known that they could be working differently and in ways that they believe would lead to greater impact. As we reported in 2016, “While few [CEOs] believe foundations are currently reaching their potential, much of what CEOs see as standing in their way is under their control to change.”<sup>5</sup>

Calls for changes in practice have come for decades, too, from many philanthropic and nonprofit leaders who have asked funders to, for example, provide more flexible and unrestricted funding; streamline and simplify processes; listen to, trust, and support their grantees; and pursue racial equity and racial justice.

But there had been little evidence of change. Prior to the pandemic, general operating support (GOS) had been essentially flat at about 20 percent of total foundation grants. Despite increasingly favorable attitudes toward *multiyear* general operating support, these grants remained rarer still.<sup>6</sup> CEP research indicates that grantees spent roughly the same amount of time on application

and reporting processes for more than a decade.<sup>7</sup> More broadly, looking across tens of thousands of data points from 15 years of grantee surveys, we see that, with the notable exception of foundations that obtained comprehensive grantee feedback at regular intervals, foundations had not been improving in the eyes of their grantees on a number of important dimensions.<sup>8</sup>

Additionally, despite past calls for funders to focus on DEI and racial equity, there was little documented change in foundations’ work prior to 2020; this includes how philanthropic strategies considered the role of race and racism in the problems that they seek to address, the racial diversity of foundation staff and boards of directors, and how funding was allocated—particularly to organizations led by people of color or investing in communities most impacted by systemic inequities.<sup>9</sup>

As the scale of the COVID-19 crisis became clear in the spring of 2020, some 800 foundations [signed on to a pledge](#) to work differently—and many foundations, whether signatories or not, indeed appeared to shift their practices.<sup>10</sup> In a series of [three reports](#) CEP released late last year, we found that foundations made many changes to their practices, such as providing more unrestricted support and streamlining processes.<sup>11</sup> In particular, many foundations reported making new efforts to support lower-income, Black, or Latino communities, and organizations created and led by people from the communities most affected by systemic inequities.<sup>12</sup>

Though this seemed promising, it was unclear whether these changes would last.



“Nonprofits are worried that the rubber band will snap back now that Covid is starting to recede,” [wrote](#) Tonya Allen, president of the McKnight Foundation, Kathleen Enright, Council on Foundations president and CEO, and Hilary Pennington, Ford Foundation executive vice president of programs, in March of 2021.<sup>13</sup>

To understand whether these worries would come to fruition, CEP collected survey and interview data to examine whether changes in foundation practices were continuing. In April and May 2021, we surveyed more than 900 foundation leaders. We received responses from 284 foundations—201 of which had signed the pledge and 83 of which had not. In April through June 2021, CEP staff conducted 33 in-depth interviews with foundation leaders and 32 in-depth interviews with nonprofit leaders who are part of CEP’s Grantee Voice Panel. (See Methodology for more information.)

**It is clear from the data we gathered this year—from foundation and nonprofit leaders—that foundations have indeed continued to change many practices and that they plan to continue most of these changes in a post-pandemic future.**

This is not to suggest, obviously, that challenges do not remain. We see in the data some disconnects, barriers, and additional opportunities for further change—and foundation leaders themselves are quick to acknowledge they still have a lot of work to do.



## NO PATTERNS OF DIFFERENCE BY FOUNDATION TYPE, GIVING, AND GEOGRAPHIC REGION

Across items in the survey, there were no consistent, noteworthy patterns of difference in responses by foundation type, foundation annual giving, or foundation geographic region. In addition, we did not find differences between foundations that did and did not sign the pledge when it

comes to their plans for sustaining changes into the future. We did, however, find differences by respondent self-reported race/ethnicity and by foundations with more board racial diversity, which are described in this report. (See Methodology for more information.)

## STUDY STRENGTHS AND LIMITATIONS

### **Strengths**

#### *Mixed-Methods Study*

The findings presented here are based on extensive analysis of data collected through three different efforts: a survey of foundation CEOs and two sets of in-depth interviews, one with foundation CEOs and the other with nonprofit leaders. By using multiple methods of data collection and capturing perspectives from both sides of the funder-grantee relationship, we can draw more generalizable conclusions about the foundation samples used and offer greater context and depth.

#### *Capturing Shifts in Practice*

The first phase of this research was conducted in mid-2020 and the data we describe here was collected in mid-2021. By conducting this cross-sectional study at two time points, we can better understand what foundations ultimately did in 2020, what they carried forward into 2021, and what they plan to sustain after the pandemic is contained.

### **Limitations**

#### *Response bias*

There is always some degree of bias in who chooses to respond to a survey or request for an interview. For example, we do not know the extent to which foundations that made more changes in 2020 were more likely to respond to the request to complete our 2021 survey. We do know that [pledge signatories](#) were more likely to respond to the survey. In a few areas, pledge signatories were more likely to report making a change. However, we did not find differences between the two populations in likelihood of reporting that they would sustain changes.

We also looked for other signs of bias in our samples. For example, for this study, it took us longer than usual to reach the desired number of “yes” responses to our foundation CEO interview invitations. This could be due to a variety of reasons, from the amount of interview time that we were requesting to the general sense of fatigue

## STUDY STRENGTHS AND LIMITATIONS (CONTINUED)

that many have been feeling this year as the pandemic has worn on. It could also be that those with what they saw as a less positive story about change were less willing to be interviewed.

### *Methodological Differences and Social Desirability Bias*

In interviews, we asked direct questions about foundations' efforts supporting communities most affected by systemic inequities, advancing racial equity, and addressing systemic racism. As a result, such efforts were more frequently mentioned and more extensively described in interviews.

Because interviewees were asked directly about these topics, there may have been a

tendency to provide more socially desirable answers. This is something that we kept in mind as we analyzed interview transcripts, and we sought to be careful not to overstate the degree to which foundations are committing to this work. We also sought to identify in the report when we are reporting data from interviews, so readers can differentiate between this data and our survey data. We sought to be similarly transparent about when we are reporting data from interviews with nonprofit leaders, as we do not know the extent to which leaders with more extreme experiences with foundations, whether positive or negative, were more likely to agree to our interview requests.

## TERMINOLOGY

Interviewed foundation leaders were asked several questions about how they are supporting communities most affected by systemic inequities and about their efforts to address systemic racism and advance racial equity. Interviewees used varying language to describe their foundation's work. Some described how they are addressing systemic and institutional racism, some spoke about racial equity, and others spoke about racial justice. Some interviewees used most or all of these phrases throughout the interview. Because fewer interviewees used language that meets the Philanthropic Initiative for Racial

Equity's more rigorous threshold for racial justice—using words such as “power,” “advocacy,” and “justice”—and because interviewees used the phrase racial equity more than the phrase racial justice, we decided to use the broader phrase, racial equity, most frequently in this report.<sup>14</sup> We also use the phrase systemic racism in this report, particularly when reporting out responses to questions that specifically asked about systemic racism.

# Summary of Key Findings



**1** → 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.



**2** → 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.



**3** → 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.

# Key Finding 1

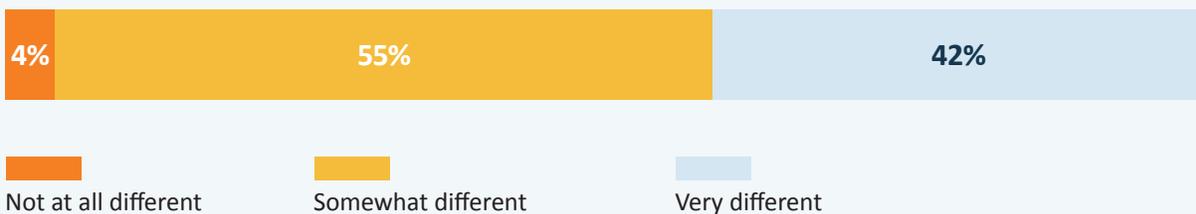
**Virtually all foundation leaders say their foundations are working differently now than in early 2020. They most frequently report streamlining processes to reduce the burden on grantees and providing more unrestricted support—changes they say they will sustain.**

Almost all foundations worked differently with grantees in 2020 compared to their pre-pandemic practices: 55 percent of foundation leaders said their foundation worked somewhat differently with grantees and 42 percent reported working very differently (Figure 1).

**FIGURE 1.**

## Working Differently in 2020

Extent to which foundations reported that their work with grantees in 2020 was different from their work prior to the COVID-19 pandemic (N=284)

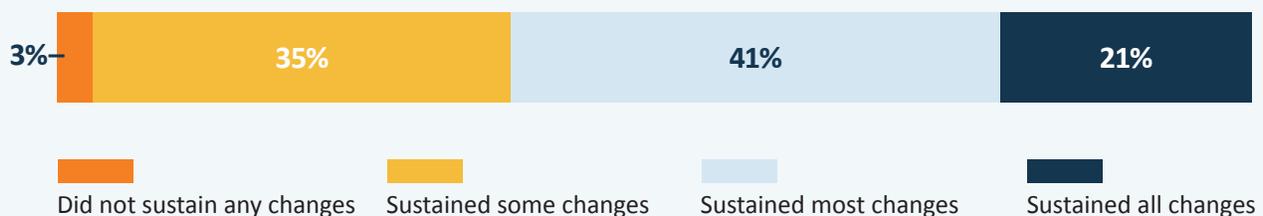


Last year, foundation leaders were not clear about the extent to which they would continue changes into 2021. But by spring 2021, almost all foundations responding to our survey indicated having continued at least some changes, with 41 percent sustaining most of them, and 21 percent sustaining all changes (Figure 2).

**FIGURE 2.**

## Sustaining Changes into 2021

The extent to which foundations sustained the changes to their work with grantees into 2021 (N=274)



Most interviewed foundation leaders said that changes in their work stemmed from a shift in mindset. More than three quarters note broad shifts in how they think about their work, particularly in their understanding of the role of race and racism relative to the problems that they seek to address and the importance of listening to and supporting their grantees with greater flexibility and responsiveness.

“Everything that has happened has given us the space to have conversations and to name the issues that are impacting our work,” one foundation CEO said, “We are finally willing to articulate and call out racism as a fundamental root cause of the opportunity gap. You can’t talk about closing the opportunity gap without talking explicitly about race.”

“We asked ourselves, ‘Why are we doing this? Can’t we rethink this and more efficiently better serve our nonprofits?’” noted another CEO. “The pandemic allowed us to rapidly pivot, eliminate historical administrative hurdles, and is informing how we will sustain these principles of flexibility and responsiveness going forward.”

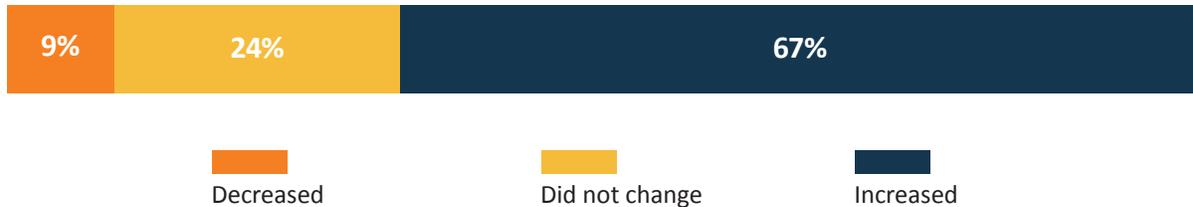
## INCREASED GRANTMAKING BUDGETS

About two thirds of foundation leaders surveyed report that their foundation increased its grantmaking budget in comparison to the last fiscal year (Figure 3).<sup>15</sup> This high percentage increasing their grantmaking budgets is likely a result both of strong investment returns leading to increased endowment values and a desire to respond to the urgency of the context.

FIGURE 3.

### Changes in Grantmaking

Percentage of foundations that changed their current grantmaking budget, compared to last year’s budget (N=247)



Foundations that increased their grantmaking did so by 20 percent at the median. Leaders described wanting to address urgent needs. “Our inclination is perpetuity, but that’s a long time, and this is a really big crisis,” said one.

*We are finally willing to articulate and call out racism as a fundamental root cause of the opportunity gap. You can’t talk about closing the opportunity gap without talking explicitly about race.*

—FOUNDATION LEADER

## Application and Reporting Processes

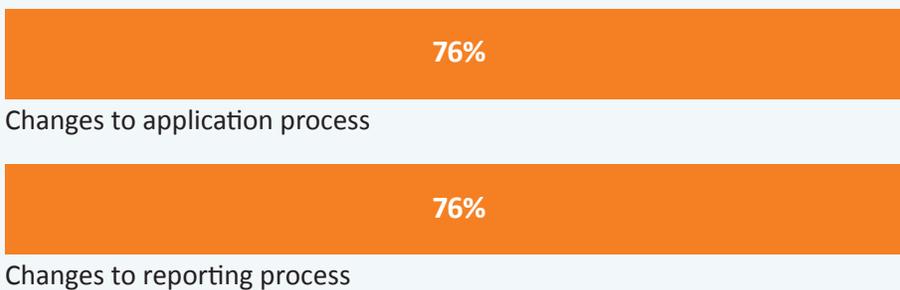
More than three quarters of foundation leaders said they made changes to their foundation’s application or reporting processes to reduce the burden on grantees (Figure 4). Most of these leaders reported plans to sustain these changes (Figure 5). “We left the guts of our application and reporting diligence at the door,” one CEO explained. “We said, ‘let’s take a red pen and see if we can’t skim off 50 percent of the questions we’re asking, because we’re probably not using it.’ And so far, so good.”

Leaders shared plans to continue with simplified, shorter, and more flexible processes, such as accepting email, phone, or video applications and written reports created for other funders. One reflected, “We have gone way too far in what we expect nonprofits to report on, and how we expect them to define the minutiae of their impact. At some point, we just have to trust them.”

**FIGURE 4.**

### Changes to Application and Reporting Processes

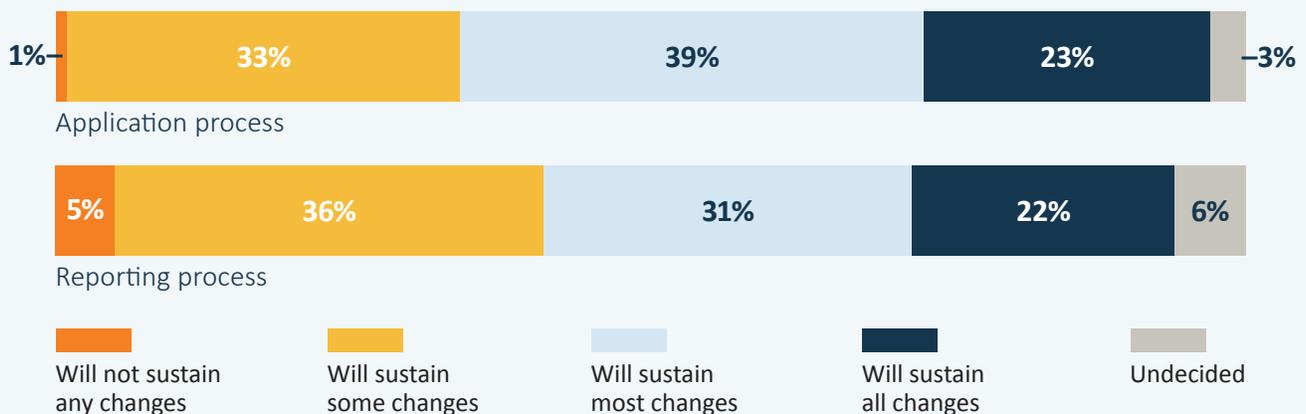
Percentage of foundations making changes to application processes and/or reporting requirements to reduce the burden on grantees (N=283)



**FIGURE 5.**

### Sustaining Changes to Processes

The extent to which foundations will sustain changes to their reporting and application processes (N=215)



## Unrestricted Support

A little more than 60 percent of foundation leaders reported that their foundation is providing a higher percentage of unrestricted grant dollars compared to pre-pandemic giving levels. Of these, almost two thirds plan to continue these new, higher levels in the future (Figure 6). (See Figure 13 in Appendix A for current levels of unrestricted giving.)

Foundation leaders described wanting to be responsive to grantees' needs in the face of the pandemic and realizing how important it is to provide flexible, "unfettered" funding to nonprofits who were stretched thin and doing difficult, important work.

Some described providing unrestricted grants to first-time grantees. "We funded organizations addressing anti-Black racism," said one leader. "We provided them with general operating grants because they had been doing tough work for a long time and our flexible resources could be helpful to them. We said, 'do what you need to do with these dollars.'" Others noted that having strong, trusting funder-grantee relationships made it easier to provide more unrestricted funding. "Our relationships with and understanding of our grantee partners has allowed us to have more flexibility," said one leader, noting that their increase in unrestricted funding is a function of "trusting grantees to do the work."

About one quarter of foundation leaders interviewed said that their boards now have a greater awareness of "what it takes to do nonprofit work" and a deeper understanding that flexible funding "allows nonprofits to do their best work." Some noted that this is contributing to greater willingness to provide unrestricted support going forward. "The board has a more visceral understanding of the challenges that our grantee partners and their constituencies contend with," one leader said. "As a result, the trustees better recognize the expertise and wisdom of those most affected by inequities and are more willing to direct grant dollars to them with fewer conditions attached."

The realization of the importance of unrestricted funding, along with increased trust in grantees, are reasons leaders said they will continue providing GOS in the future. About one quarter of interviewed foundation leaders, though, said that they are trying to "find the right balance" between being more responsive to and flexible with grantees while still needing to "gauge outcomes," "account for funds," and, for some community foundations, "report back to our donors." One leader, summing it up, described progress as "little baby steps."

**FIGURE 6.**

### Provision of Unrestricted Grants After the Pandemic

Percentage of foundations that will continue to provide unrestricted grant dollars at the new, higher level after the pandemic is contained (N=173)

Among the 61 percent of foundations that are providing more unrestricted support...



## PROVISION OF MULTIYEAR UNRESTRICTED GRANTS

Even as many funders are providing a higher percentage of unrestricted funding, fewer—just 27 percent—are providing more *multiyear* unrestricted support. Among the minority of foundations that are stepping up this type of support, two thirds said they will continue with these new, higher levels of multiyear unrestricted support going forward, and about one third remain undecided (Figure 7).

**FIGURE 7.**

### Provision of Multiyear Unrestricted Grants After the Pandemic

Percentage of foundations that will continue to provide multiyear unrestricted grant dollars at the new, higher level after the pandemic is contained (N=77)

Among the 27 percent of foundations that are providing more multiyear unrestricted support...



*The board has a more visceral understanding of the challenges that our grantee partners and their constituencies contend with. As a result, the trustees better recognize the expertise and wisdom of those most affected by inequities and are more willing to direct grant dollars to them with fewer conditions attached.*

**—FOUNDATION LEADER**

## Nonprofits Experience Positive Changes

Perspectives from nonprofit leaders affirm the self-reported changes that foundation leaders described making. Most interviewed nonprofit leaders said they experienced greater flexibility and responsiveness from their funders, especially more flexible processes and more unrestricted support, changes they hope funders will sustain.<sup>16</sup>

Nonprofit leaders reported simpler and more streamlined application and reporting processes. They said they have been offered greater flexibility—such as funders accepting applications or reports prepared for other funders, automatically renewing grants, and providing more flexible timelines, all of which has enabled them to focus more on the substance of their work. “With one of our foundation funders, the new reporting process is to ‘call your program officer, who will write

everything up,’” said one nonprofit leader, adding, “We don’t have development staff, so it’s our leadership team overseeing fundraising. When they don’t have to spend as much time on reporting, they can spend more time overseeing the work.”

Nonprofit leaders also extolled the many benefits of receiving more unrestricted funding. One nonprofit leader said that the shift from project to unrestricted support “frees up time for our day-to-day operations,” adding that with project funding, “I have to spend so much time dealing with restrictions that it’s almost like I need to hire a person just to keep up with the restrictions.” “We got our first general operating support grant,” another nonprofit leader said. “It made me ecstatic. It was freeing. I felt like they trusted me.”

### NONPROFIT LEADERS REPORT IMPROVED RELATIONSHIPS WITH FUNDERS

Most interviewed nonprofit leaders report improved relationships with their foundation funders. They described deeper relationships, including greater trust and openness, and improved funder understanding of their work and context.

“The pandemic has created an opportunity to have conversations that we never had with funders before, an opportunity to build stronger, better relationships that are based in trust and transparency,” said one nonprofit leader. “I’m so grateful for that.”

*We got our first general operating support grant. It made me ecstatic. It was freeing. I felt like they trusted me.*

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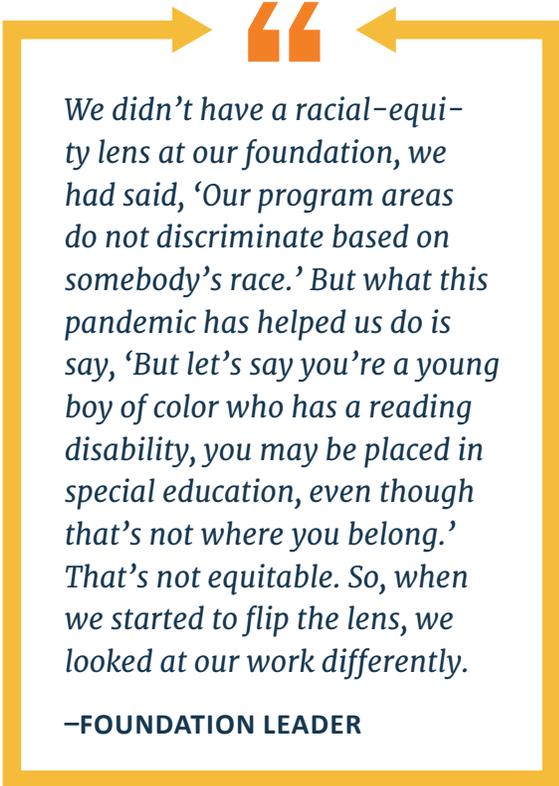
—NONPROFIT LEADER



## Key Finding 2

**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.**

Across interview and survey data, foundation leaders reported making changes to their work that enable them to better address systemic inequities and advance racial equity. All foundation leaders interviewed said they made changes to their foundation's work, even as they are quick to recognize they have more to do.



*We didn't have a racial-equity lens at our foundation, we had said, 'Our program areas do not discriminate based on somebody's race.' But what this pandemic has helped us do is say, 'But let's say you're a young boy of color who has a reading disability, you may be placed in special education, even though that's not where you belong.' That's not equitable. So, when we started to flip the lens, we looked at our work differently.*

—FOUNDATION LEADER

About three quarters of interviewed foundation leaders described thinking much more explicitly about race and racism and said they are increasingly focused on the role of race relative to their programmatic goals. One leader, for example, described a “deepened commitment to addressing racial inequities throughout our organization and externally with all of our grantmaking resources.” Another described “naming and framing” their work to address “racial inequity.” “This is about racism. We speak it. We isolate race,” said another leader.

Yet another leader described their foundation's shift:

We didn't have a racial-equity lens at our foundation, we had said, ‘Our program areas do not discriminate based on somebody's race.’ But what this pandemic has helped us do is say, ‘But let's say you're a young boy of color who has a reading disability, you may be placed in special education, even though that's not where you belong.’ That's not equitable. So, when we started to flip the lens, we looked at our work differently.

Even as foundation leaders said they are more explicitly focused on race, there is substantial variation in how leaders describe their efforts. Some were quick to specify that addressing systemic racism is not a core focus of their work. “We are not a social justice organization,” said one leader. Another added, “We're a service delivery grantmaker. Addressing racism is not our north star. Our north star is the wellbeing of the broad community.” A smaller number—20 percent of those we interviewed—described racial equity as a core focus or, in the words of one leader, as “baked into everything that we do.”

## Reaching Communities Most Affected by Systemic Inequities

In their grantmaking, many leaders have increasingly prioritized communities most affected by systemic inequities. “We pivoted our thinking about how we distribute resources,” said one leader. They described “paying more attention to disparities,” being “more intentional about funding marginalized communities,” and doing more to “center the people most impacted by inequities in our work.” Another leader asked: “Who are the

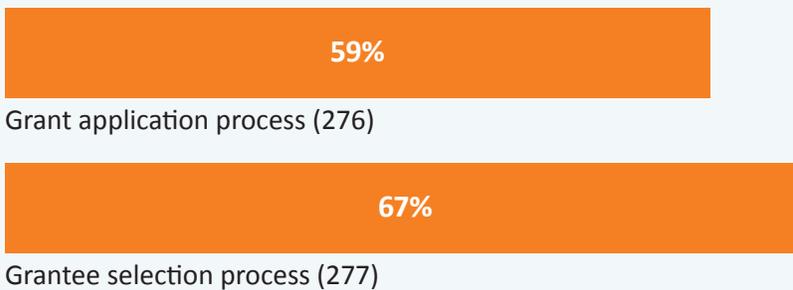
communities most affected? That is where we want to put our money.”

To better reach nonprofits serving communities most affected by systemic inequities, most foundation leaders said they made changes in how they identify prospective grantees and make grantmaking decisions. More than 80 percent of these leaders said that they will sustain these changes (Figures 8 and 9).

**FIGURE 8.**

### Changes to Processes to Reach More Nonprofits Serving Communities Most Affected by Systemic Inequities

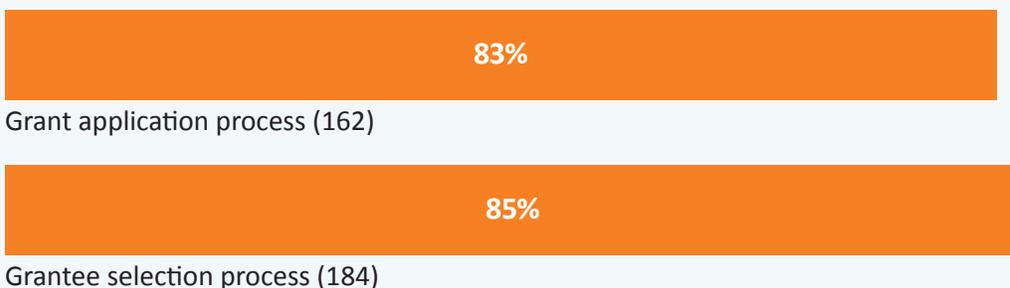
Percentage of foundations changing aspects of grant application and/or grantee selection process to reach more nonprofits serving communities most affected (*Number of respondents noted in parentheses*)



**FIGURE 9.**

### Sustaining Changes to Processes to Reach More Nonprofits Serving Communities Most Affected by Systemic Inequities

Percentage of foundations reporting that they will sustain the changes made to grant application and/or grantee selection processes to reach more nonprofits serving communities most affected (*Number of respondents noted in parentheses*)



## RACIAL EQUITY AND INTERNAL FOUNDATION OPERATIONS

While most foundation leaders we interviewed said that racial equity was a component of their internal efforts prior to 2020, more than 80 percent of leaders said they have been doing more to incorporate racial equity into their internal practices. They described reassessing their efforts and being more intentional in seeking to ensure equity across their operations, policies, practices, and culture.

Over half described carrying out formal trainings for staff and board, holding informal meetings and providing support focused on racial equity, conducting organization-wide DEI audits, and/or focusing on a more inclusive, equitable and supportive organizational culture. Leaders described these efforts as part of their commitment to equity, noting their importance for organizational change and to build buy-in for their equity work.

One third of these interviewed leaders described, for example, offering trainings about implicit bias, racial equity, and anti-racism. They also report discussing racial equity and racism in board retreats and education/learning sessions for staff and board.

“We are broadening the horizons and opening the minds of board members to help them to understand we just need to look at our work differently than we ever did before,” one leader said. Leaders added that this builds “shared terminology,” ensures that stakeholders “understand our role in addressing racism,” and includes listening to grantees to better understand what “leaders need to address systemic inequities.”

Within foundations, leaders described greater consciousness—and more open and deeper discussions—about racism and its intersection with their goals and strategy. They described both changes in operations and policies to “embed equity into our work,” as well as more vulnerable and difficult conversations about anti-Black racism, privilege, and whiteness. Some specified that their ability to effectively advance racial equity externally requires them to first look internally. Said one leader, “If we’re ever going to espouse the notion of change to others, we need to make sure our house is honest, transparent, and in order.”

Some described exploring biases and reducing barriers to access. “We thought we were accessible, but we are not,” reflected one foundation leader. “We’ve been carefully examining ways that we might have unintentionally been omitting people of color from our work,” added another. Another said that they have been asking, “Who is not at the table?”

Who doesn’t have an equal shot in the grant-writer game?” These leaders said they are more open to funding types of organizations or approaches that they hadn’t in the past, such as smaller, grassroots organizations. They also said they are more open to funding organizations with less capacity, noting that “not all nonprofits have the bandwidth to go through the hoops.” Some,

for example, are no longer requiring a financial audit or are providing more support to organizations with fewer specialized roles, such as professional grant writers.

Some foundation leaders also described new outreach efforts, such as soliciting applications from organizations they hadn't funded in the past, asking other funders to share connections to nonprofits, and publicizing grant opportunities more broadly. They also said that they are more intentional in reaching out to organizations focused on addressing systemic inequities, especially those serving or led by people of color. "There has been a shift," said one leader, "We've always assumed that people would just participate in the process that we created. We didn't realize that we really have to be intentional by inviting people to participate, by making sure that we're reaching out to organizations that are led by African Americans or Asian Americans or Native Americans, to let them know that they belong in our process."



*We've always assumed that people would just participate in the process that we created. We didn't realize that we really have to be intentional by inviting people to participate, by making sure that we're reaching out to organizations that are led by African Americans or Asian Americans or Native Americans, to let them know that they belong in our process.*

**—FOUNDATION LEADER**

## Supporting Black & Latino Communities

A little more than 40 percent of foundations reported having increased the percentage of grant dollars to organizations serving Black communities and a little more than a quarter reported doing so for organizations serving Latino communities. About half of foundations said they are currently directing at least a moderate percentage of grant dollars—25 percent or more—to organizations serving Black or Latino communities (Figure 10). (See Figures 14 and 15 in Appendix A for additional detail.)

Leaders described "doubling down" support to "communities furthest from access and opportunity." These are "the Black and brown communities that were under-resourced and under-invested in because of systemic racism," said one leader.

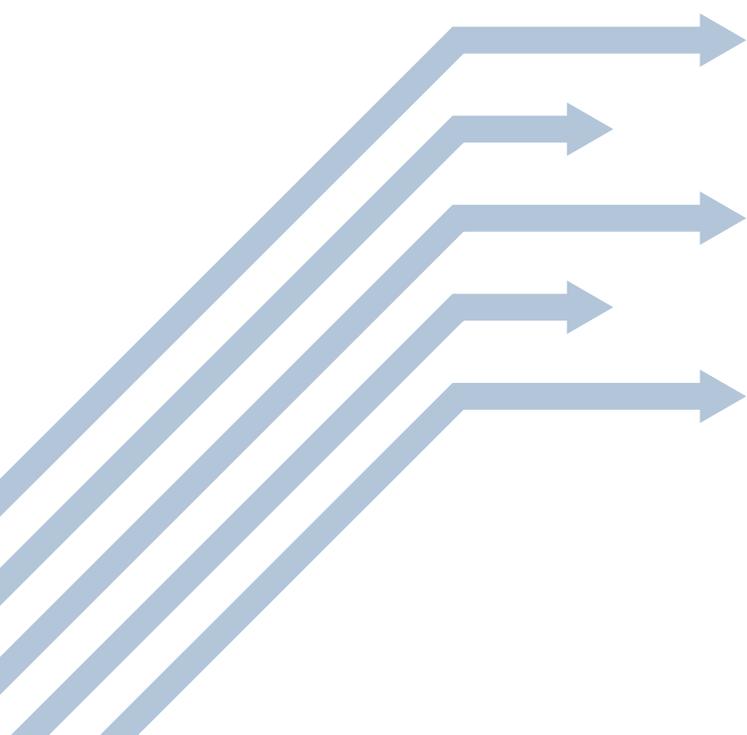
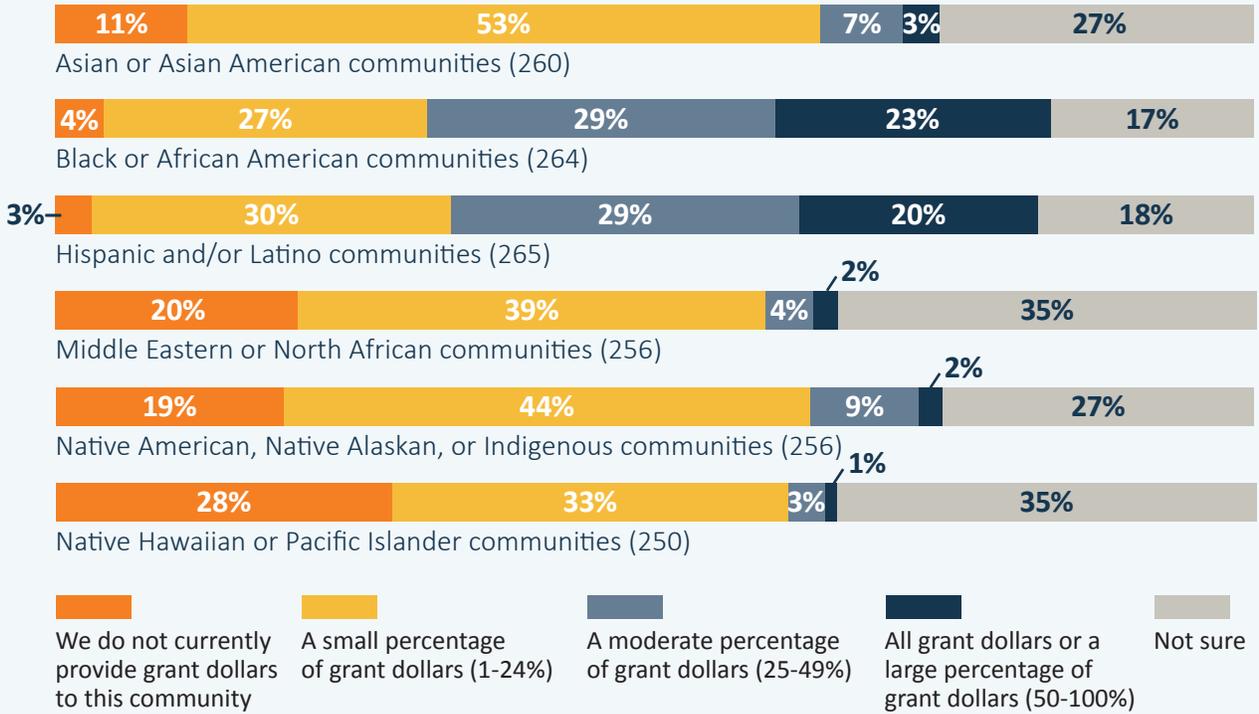
Fewer foundations reported that they had increased the percentage of grant dollars to organizations that serve Asian American, Middle Eastern and North African, Native American, and Native Hawaiian or Pacific Islander communities—and those that did tended to report that their giving to these communities is currently a small percentage of their grant dollars. Similarly, fewer foundations reported that they increased the percentage of grant dollars to people with disabilities and older adults—and, again, those that did tended to report that their giving to these communities is currently a small percentage of their grant dollars. [Note: CEP will soon be releasing data on foundations' relatively low levels of support for Asian American, Pacific Islander, and Native American communities and the comparatively less positive experiences leaders from these communities have with their foundation funders.]

Virtually no survey respondents said that, post-pandemic, their foundations will decrease funding to organizations serving any of the communities most affected by the pandemic (Figure 11).

**FIGURE 10.**

### Current Practices: Funding to Organizations that Serve Communities Most Affected

Percentage of grant dollars going to organizations that serve the following communities  
(Number of respondents noted in parentheses)

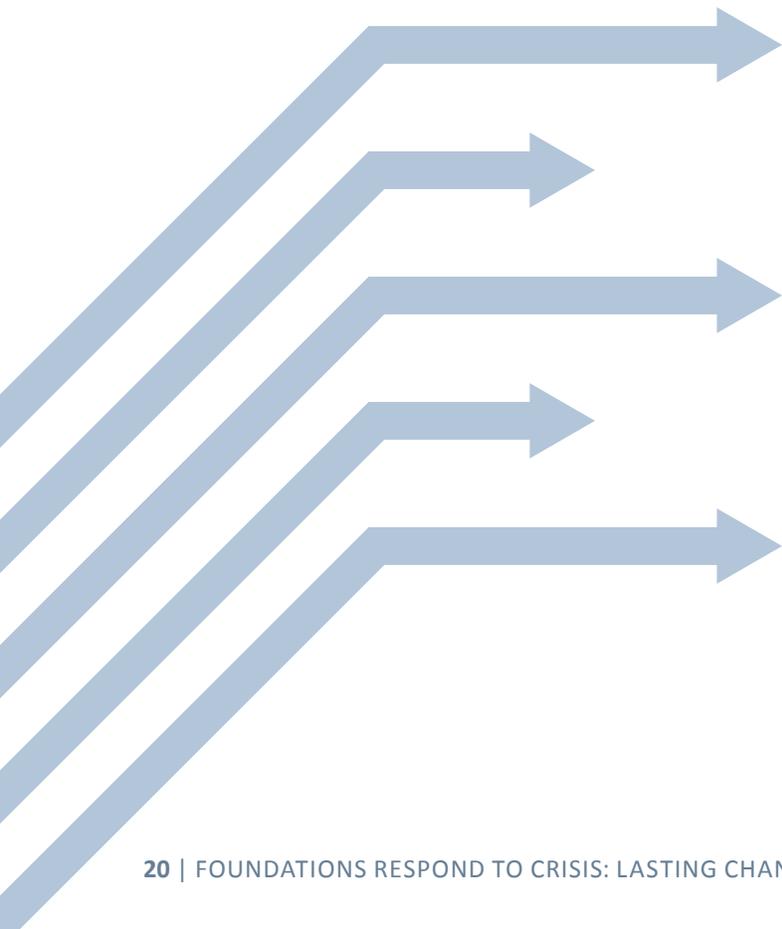
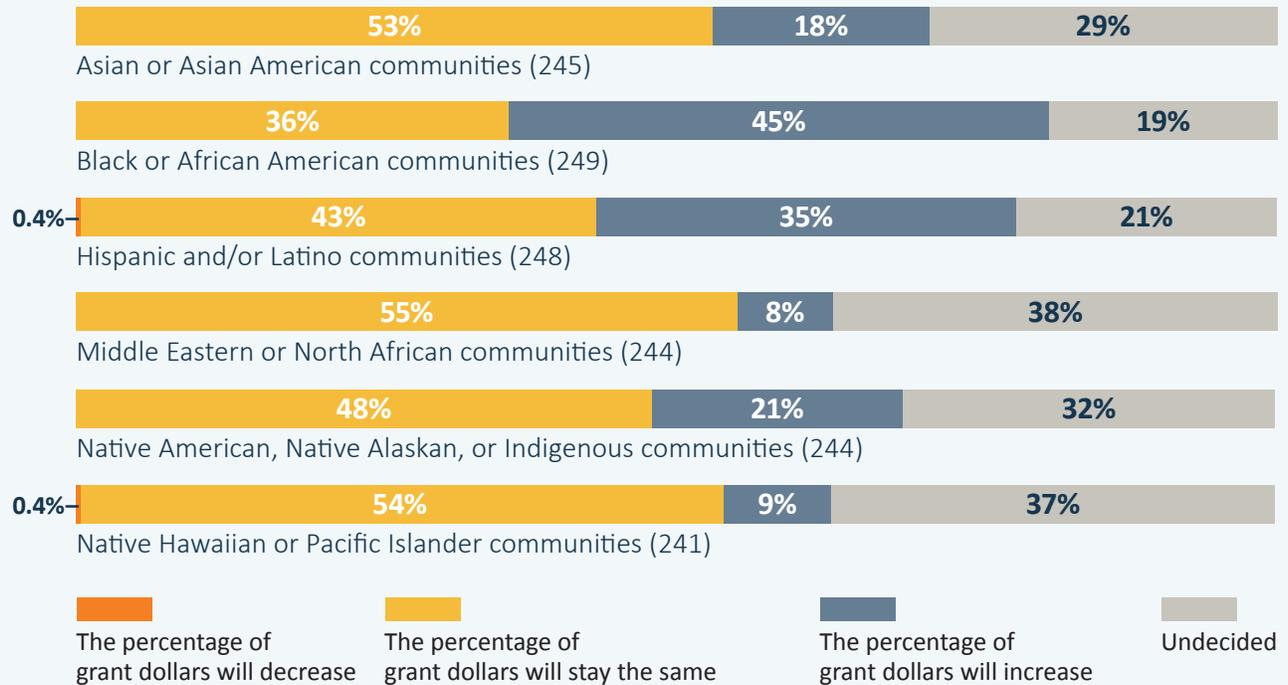


“  
We’ve been carefully examining ways that we might have unintentionally been omitting people of color from our work.  
—FOUNDATION LEADER

**FIGURE 11.**

### Post-Pandemic Funding

Expected change in grant dollars going to organizations serving the following communities after the pandemic is contained (*Number of respondents noted in parentheses*)



## COLLECTING DEMOGRAPHIC DATA AND TRACKING GRANT DOLLARS

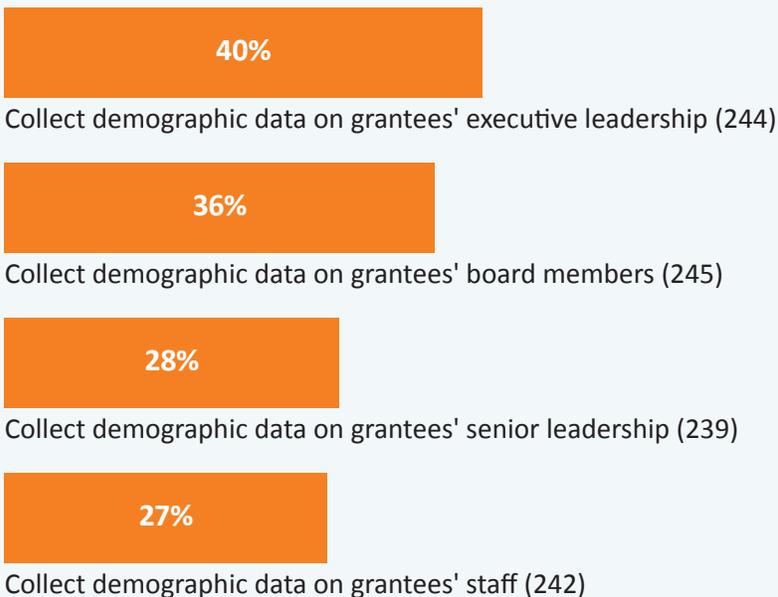
Overall, foundation leaders reported great uncertainty about the percentage of grant dollars going to organizations led by CEOs of various races and demographic characteristics. (See Figure 16 in Appendix A for additional information).

Most foundation leaders said that their foundation does not collect demographic data from grantees about their executive leadership, board members, senior leadership, or staff (Figure 12).

**FIGURE 12.**

### Collecting Grantee Demographic Data

Percentage of foundations that collect grantee demographic data on the following groups  
(Number of respondents noted in parentheses)



However, about 40 percent of interviewed foundation leaders said that, since the beginning of 2020, they have begun or are increasingly focused on better collecting and using demographic data about nonprofits they fund and the people they serve. As one leader said,

Prior to the murders of George Floyd and Ahmaud Arbery, it felt like we were overstepping when we asked organizations about their board, staff, and who they are serving. It didn't feel like it was our place to ask. But now it is our place to ask, and we are asking organizations for more information about the racial, ethnic, and gender breakdowns of their staff and board.

## COLLECTING DEMOGRAPHIC DATA AND TRACKING GRANT DOLLARS (CONTINUED)

Leaders see demographic data as important for understanding where their grantmaking dollars are going and ensuring that their resources are advancing racial equity. Yet they describe their efforts as a work in progress and some express a desire for resources and “guidance for how to do this well.”

About one quarter of interviewed nonprofit leaders reported increased requests from funders for demographic data, with some noting room for improvement. Some leaders suggest that funders be more purposeful about demographic data collection and suggest that foundations be more transparent with grantees about how they use this data—especially whether it is used in decision-making. Others would like support to better collect this data, noting challenges when funders ask them to collect “non-standardized” and “incredibly personal” data.

### Listening, Systems Change, & Collaboration

Most interviewed foundation leaders believe that philanthropy has an important role to play in addressing systemic racism and see opportunity for philanthropy to leverage its unique role relative to other sectors to commit more boldly to racial equity over the long haul. They frequently suggested that funders support more systems and policy change and pursue more collaboration across sectors and divides. They also emphasized that foundations can better advance racial equity through improved grantmaking practices, particularly operating with greater flexibility and responsiveness and more listening and proximity to grantees and communities. In interviews, many described increasingly incorporating these practices into their work.

About 80 percent of those we interviewed said they have been more focused on listening to grantees and communities, especially those most affected by systemic inequities. “We are addressing some of the systemic disinvestment in communities,” said one leader, noting that this starts with “listening to the community leaders.”

“The commitment to listening to our partners, especially communities that are least heard, like African American groups,” said one leader, “was

really about lifting up their voices and experiences to inform the public and our own decision-making.” Leaders reported more authentic engagement with and listening to grantees, including by having more informal conversations and inviting grantees to discuss their work at foundation board meetings. They also described being “more intentional about listening,” as opposed to “dictating strategies or ways of operating,” and seeking to better understand the work and context of their grantees, as well as their challenges and ideas for addressing pressing issues. “Listening,” said another leader, “is about recognizing that the best solutions are found not within the foundation, and not at the board level, but within the community.” With this deeper engagement, funders felt more attuned to grantees’ needs and cited stronger, more trusting relationships with grantees, which, for some, has made them more comfortable being more flexible and responsive.

In describing the need to advance lasting and transformative change, more than 75 percent of interviewed leaders said that, since 2020, their foundations have either begun or increased their support for systems change, policy, and advocacy efforts. They also described greater comfort being public about their policy and advocacy efforts.

Most of these leaders specified the importance of systems change, policy, and advocacy for addressing systemic racism, noting the need to “dismantle systems of inequity” and describing “leaning into systems barriers to address racial equity and injustice.” One leader summed it up:

Think about a glacier. What you see above the water, those were visible programs. Prior to 2020, we focused on visible programs. What’s below the water—structures, mindsets—is what we will focus on going forward. We need to focus on the less visible subterranean forces that hold these inequities in place. That’s systems work. We need to shift mindsets, shift policy, and invest in building community power, so that people closest to these issues have the power to change them.

Foundation leaders described a heavier emphasis in their work on the fact that deep, long-lasting change requires aligned, coordinated, and complementary efforts, which necessitate collaboration. Nearly 60 percent of foundation leaders interviewed referenced increased collaboration with other funders and government entities specifically to advance racial equity and most of these leaders said they plan to continue these collaborative efforts going forward. “We do not have the resources to tackle this alone,” said one leader, “We know we must partner with others.” These collaborative efforts include aligned or pooled funding, knowledge sharing, and coordinated policy and advocacy efforts. Foundation leaders with more experience in racial justice described being on the receiving end of greater interest in collaboration from funders new to racial equity.

## DONOR EDUCATION AND ENGAGEMENT AT COMMUNITY FOUNDATIONS

Almost 70 percent of interviewed community foundation leaders described shifts in donor education and engagement. Most frequently, they described increased programming about racism and community needs and greater openness to “shaping donors’ behaviors.”

“We’re thinking about donor education differently, it’s not just education, it’s creating opportunities for donors,” said one leader, noting that “discussing community needs and discussing how values, wealth, and privilege should translate into donors’ grantmaking are becoming part of our donor services ethos.”

Another described offering more “intersectional racial justice and equity conversations” to guide “donors who didn’t feel they had the proximity or knowledge to know where their dollars would help most.” For some, this increased focus on

addressing racism and “listening to the community” is a recognition of the important community leadership role that community foundations play. One leader summed it up, “Five or 10 years ago social justice and racial justice were not in our vocabulary. And now they are. And we have a role as leaders in our community to stand up and give voice to others and to use our own voice to bring these issues to the top.”

Half of interviewed community foundation leaders said that they asked donors and donor-advised fund holders to step up their giving in ways that they had not done in the past. These leaders said that they asked donors to increase their giving, urged donors to focus their giving on urgent community needs, and requested that donors contribute to the community foundation’s emergency funds and discretionary response efforts.

## Nonprofit Experiences and Foundation Challenges

Most nonprofit leaders also described greater focus from foundations on racial equity. Almost half of interviewed nonprofit leaders described greater foundation funding to organizations led by or serving people of color. Some described improved foundation outreach and approachability. “As a community organization with a long history of organizing people of color, it’s helpful that foundations are talking more about racial equity,” noted one nonprofit leader. Some leaders of organizations focused on historically marginalized communities reported that funders are increasingly interested in funding their organizations. “With more funding opportunities focused on communities of color,” noted one leader, “we have been able to get more funding to increase our capacity and better serve these communities.”

About one third of interviewed nonprofit leaders reported experiencing a gap between foundation rhetoric and actual efforts, though. They suggested that funders take more meaningful action to support structural change and provide more funding to communities most affected by systemic inequities, particularly organizations led by and serving people of color. They also suggested that foundations be less top-down

in their approach and “give the people in the community the power to be part of the decisions that impact their lives.” Others added that funders should provide more flexible, long-term funding to meaningfully advance racial equity.

Indeed, some of the top challenges foundation leaders themselves said they face in trying to address systemic racism are building staff and board alignment and ensuring long-term commitment to this work. With varying levels of commitment, and different perspectives about how to approach this work, leaders said, “It’s hard to get everybody on the same page” and described this work as “Messier than hell. Just simple conversations turn into huge learning

moments.” “We have a lot of willingness, but complete uncertainty about the best approach to actually address systemic racism,” said another. One leader summed it up:



*The challenge is to move from talking about it to being about it. I mean, we’re talking about institutional racism. If it took generations to get here, change is not going to happen overnight. You don’t plant a seed and go out and pick oranges the next day. The laws of nature don’t even work that way.*

**—FOUNDATION LEADER**

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## Key Finding 3

**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.**

Foundations with more racially diverse boards—defined as boards whose members are at least 25 percent people of color—were more likely to adopt practices to support grantees and the people and communities they serve.<sup>17</sup> They also more frequently reported sustaining all the changes they made in 2020 into 2021.

These foundations were more likely to:

- ▶ Change their grant application and/or selection processes to reach more nonprofits serving communities most affected by systemic inequities.
- ▶ Direct more funds to organizations serving communities of color, lower-income communities, and undocumented immigrants.
- ▶ Plan to increase funding directed to organizations serving Asian American, Black, Latino, and undocumented immigrants once the pandemic is contained.
- ▶ Make new efforts to support Asian American, Latino, and Native American women, as well as lower-income women.
- ▶ Have mechanisms for tracking demographics of the communities they support with their grant dollars.
- ▶ Have approaches for determining whether an organization is led by individuals from the community or communities served.
- ▶ Collect demographic information on the board members, executive leadership, senior leadership, and staff at grantee organizations.

## DIFFERENCES AT FOUNDATIONS LED BY PEOPLE OF COLOR

Foundations led by people of color more frequently indicated that they had sustained all of the changes they made in 2020 into 2021. They also more frequently indicated that the foundation plans to sustain all changes made to the reporting process in response to the pandemic and that they are currently providing more multiyear GOS than they were prior to the pandemic.

Leaders of color reported that they are now directing more dollars to organizations serving Black and lower-income communities. Further, these leaders more frequently reported directing more grant dollars to organizations led by those from Asian American communities. In addition, they were more likely to indicate that once the pandemic is contained, their foundation will increase the percentage of their grant dollars going to the following communities:

- ▶ Asian American
- ▶ Middle Eastern or North African
- ▶ Native American, Native Alaskan, or Indigenous
- ▶ Native Hawaiian or Pacific Islander

Finally, foundations led by people of color more frequently said they have an approach for determining whether an organization is led by people from the community it serves.

## Many Foundation Boards Continue to Lack Racial Diversity

Foundation leaders said in interviews that they believe it is important for the board to reflect and understand the people and communities they serve and described greater board racial diversity as an important component of effectiveness. Yet, many foundation boards continue to lack racial diversity: 27 percent of boards represented in the survey have no members of color; on 30 percent of boards, less than a quarter of members are people of color (Table 1).<sup>18</sup>

**TABLE 1. Racial Composition of Respondents' Foundation Boards**

	PERCENTAGE OF FOUNDATIONS	NUMBER OF FOUNDATIONS
0% people of color	27%	66
1% to 24% people of color	30%	73
25% to 49% people of color	26%	64
50% to 99% people of color	14%	34
100% people of color	1%	2
Not sure	2%	4

(Number of responding foundations = 243)

*\*Note: Forty-one respondents skipped these items in the survey and are not represented in this table.*

## Boards Seen as an Impediment to Addressing Systemic Racism

Even as most interviewed leaders said that their boards are having more and deeper discussions about systemic racism and its connection to their foundations' work, the most frequent impediment foundation leaders reported facing when trying to address systemic racism is their boards.

Leaders said that building board support for racial equity has been challenging—despite more education and engagement—because of limited board understanding of systemic racism and limited proximity to grantees and communities. “The main challenge is bringing the board along and helping them understand these issues. We need to help shift their mindsets, educate them, and get them as proximate to the work as possible,” said one leader. “Sometimes that slows us down, especially when staff are further along than board members, and that takes time.”

“Shaping the way the board thinks is both a challenge and an opportunity,” noted one foundation leader. For example, a leader recounted board members saying “we’re not a racial justice funder.” This led to board discussions about the influence of racism across all areas of the foundation’s work and efforts to help the board understand that, as that leader put it, “It’s not about ‘giving up’ our mission and our areas of interest, but that racial equity will have a profound impact on everyone.” “As we have amped up our focus on Black-led, Black-serving organizations,” said another leader, “some board members have had concerns that we have abandoned other communities. We haven’t. We’re trying to get people comfortable with the fact that it’s not zero-sum.”

Some leaders said that a lack of board racial diversity is a contributing factor to the challenge of building board support for addressing systemic racism. Even as leaders said that board diversification is important, some described it as slow and limited due to low board turnover, board term limits, and—for some family foundations whose boards are comprised of all-white family

members—bylaws that restrict board seats to family members. “The family has decided to keep the board as a hundred percent family,” one



*As we have amped up our focus on Black-led, Black-serving organizations, some board members have had concerns that we have abandoned other communities. We haven’t. We’re trying to get people comfortable with the fact that it’s not zero-sum.*

—FOUNDATION LEADER

CEO said. “That makes it difficult. It’s a barrier. Our board members are of a certain generation, and they’re behind the zeitgeist in terms of progressive thinking.”

Even as leaders said they felt stymied by their board leaderships’ lack of understanding, proximity, and racial diversity, some described pursuing more board education about race and racism and its connection to the issues and communities they support, hearing more from grantees and—in some cases of all-white foundation boards—other efforts, such as creating advisory boards or allocating some board seats to non-family members.<sup>19</sup>



*Shaping the way the board thinks is both a challenge and an opportunity.*

—FOUNDATION LEADER

# Conclusion

It's not an uncommon refrain to hear some within the nonprofit sector ask, with exasperation, "What will it take for foundation philanthropy to change?" The answer appears to be the extraordinary circumstances of an ongoing global pandemic and a heightened, long overdue societal discussion of long-standing systemic racial inequities.

A year ago, foundation leaders were unsure of the extent to which they would continue with various changes they had implemented since the onset of the COVID-19 pandemic.<sup>20</sup> Now, almost all foundation leaders have told us they plan to sustain at least some of the changes they have made, and a sizeable percentage plan to sustain most or all of the changes:

- ▶ After decades of calls for streamlining processes, most foundation leaders say they reduced administrative burdens on nonprofits and plan to sustain those changes.
- ▶ After decades of calls for funders to provide more unrestricted funding, many foundation leaders said their foundation increased this type of giving and plan to continue it at this new, higher level.
- ▶ Finally, in light of increasing, though hardly new, calls for funders to tackle systemic racism, many foundation leaders describe new efforts, including funding more nonprofits serving communities most affected by systemic inequities.

Over the years, the research we have conducted has regularly found disconnects in what we hear from foundation leaders and the experiences of nonprofit leaders, but not this time.<sup>21</sup> When it comes to changes made since 2020, nonprofit leaders' experiences tended to align with the changes that foundation leaders say they have made—suggesting that the shifts in practices are real.

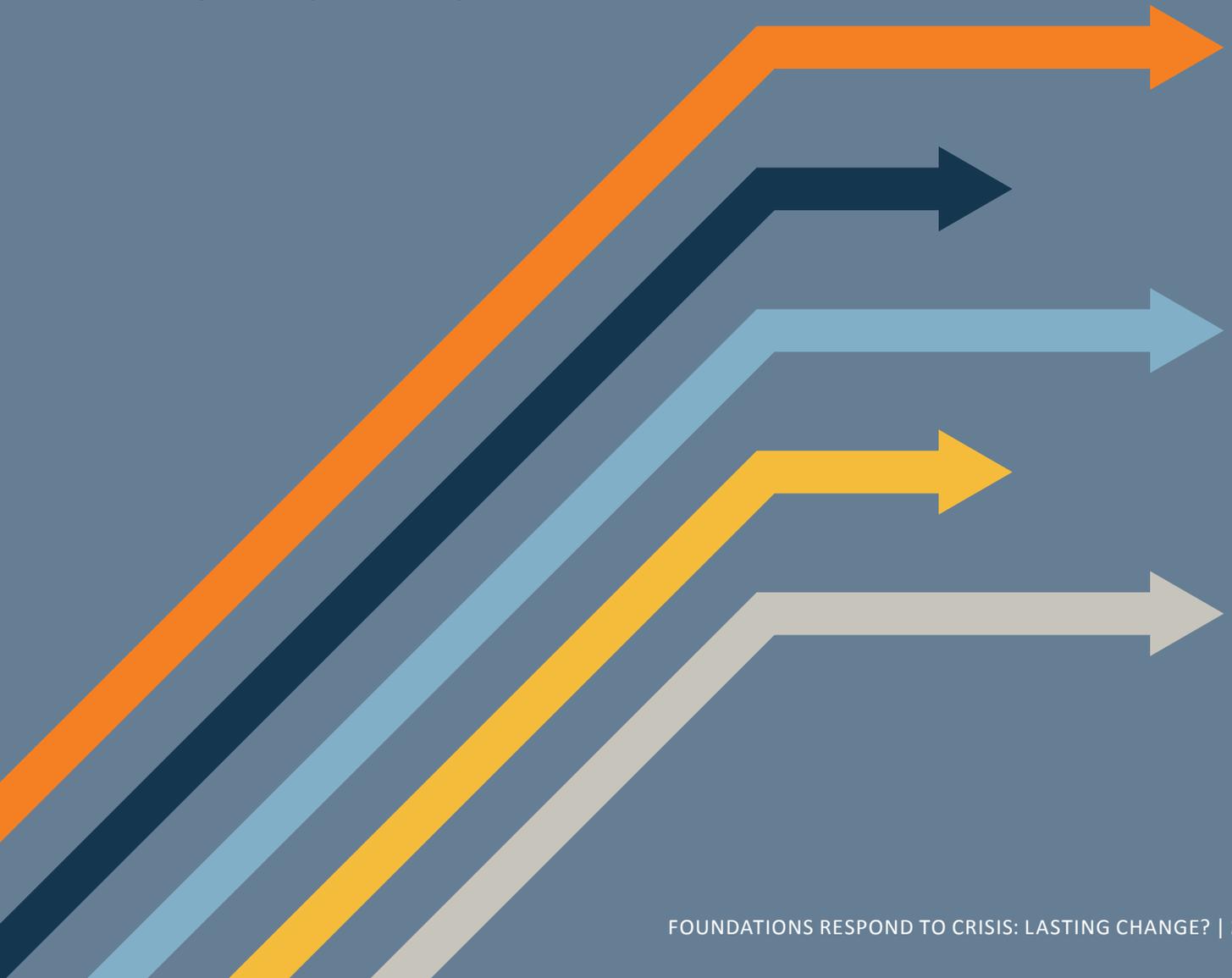
Of course, there is more than one way to view these results. Some may interpret them as indicative of unprecedented positive change—a cause for optimism about the promise of foundation philanthropy and its ability to improve. Others may interpret them as painting a picture of an insufficient response, arguing that while processes and even funding may have shifted, the changes don't go deep enough.

After all, about one quarter of funders providing more unrestricted support say they are not sure if they will continue this practice and there has not been much movement when it comes to the provision of *multiyear* unrestricted support, which our data and analyses over the years indicate to be highly valued by nonprofits. Moreover, while some foundations have provided more funding to nonprofits serving Black and Latino communities, the majority have not, and our data suggests that certain communities of color have been overlooked even in the recent period of intensified focus on racial equity.

Many foundation boards continue to lack racial diversity—yet we see in our data that board diversity is correlated with certain practices. In addition, as others have documented, the tracking of grant dollars directed to organizations supporting communities of color and the collection of demographic data remain very much works in progress.<sup>22</sup>

As society emerges from the pandemic, it will be crucial to continue to track changes in funder practice over time. It will also be important to understand and learn from these changes, including how they are experienced by nonprofit leaders and the extent to which they lead to greater impact and a more just and equitable society.

Although many questions remain, our data points to a level of change in foundation practice that we have not seen in the two decades we have been conducting research about philanthropy. We now see that the changes have lasted beyond what we documented in 2020—and that foundation leaders intend to sustain many of them. Yet the future, as always, remains unclear. Will those intentions translate to reality? Will these changes be made truly permanent? Will deeper changes follow? Only time will tell.

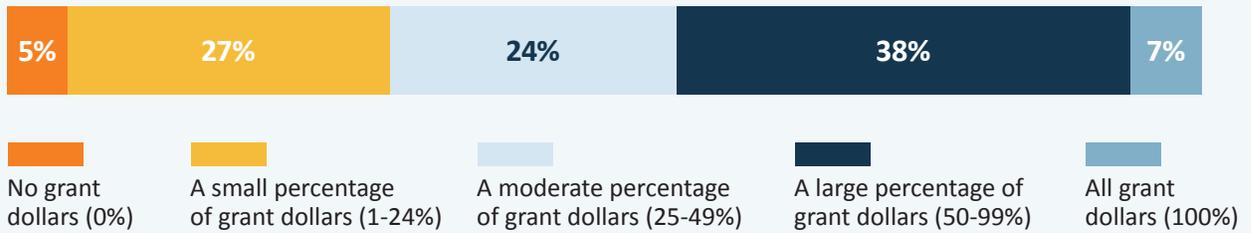


# Appendix A: Additional Figures

**FIGURE 13.**

## Foundation Unrestricted Giving

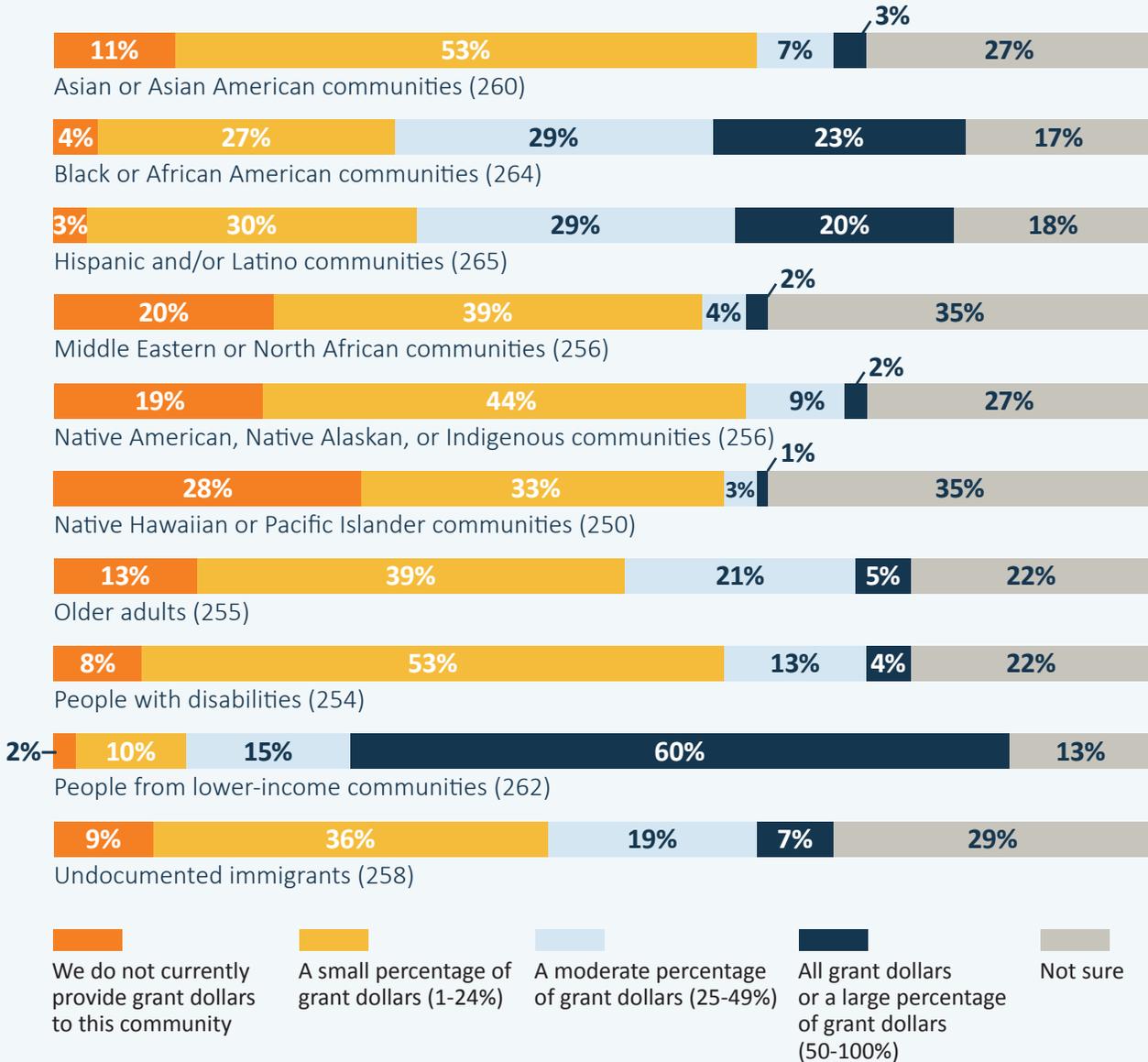
Percentage of foundation's annual grantmaking budget that is unrestricted support (N=280)



**FIGURE 14.**

## Current Practices: Funding to Organizations that Serve Communities Most Affected

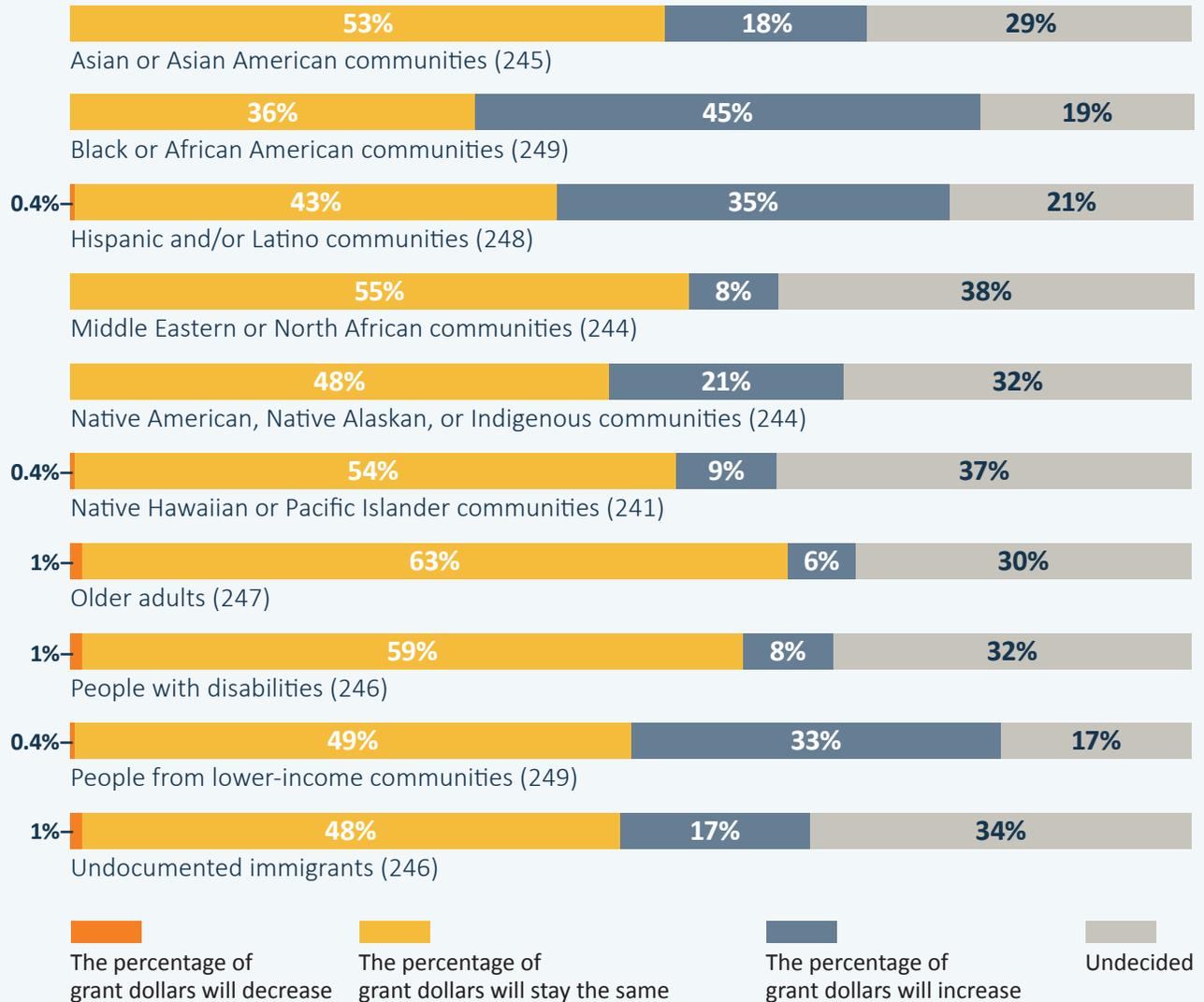
Percentage of grant dollars going to organizations that serve the following communities  
(Number of respondents noted in parentheses)



**FIGURE 15.**

## Post-Pandemic Funding

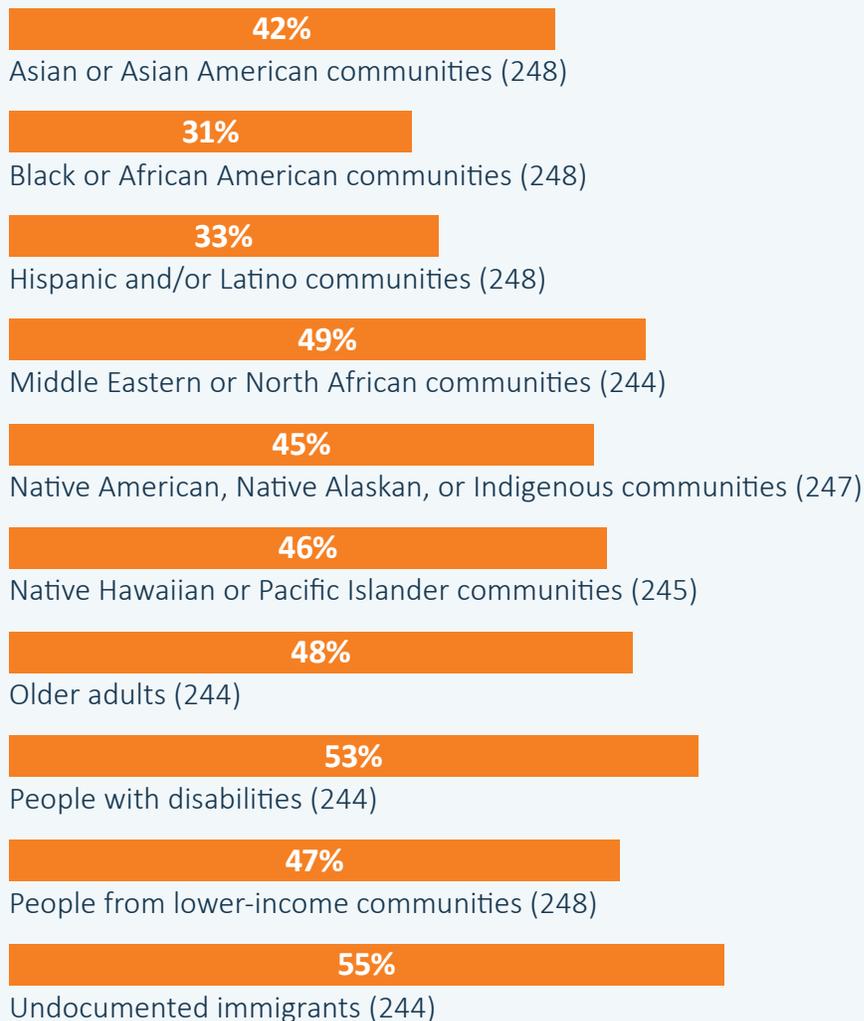
Expected change in grant dollars going to organizations serving the following communities after the pandemic is contained (*Number of respondents noted in parentheses*)



**FIGURE 16.**

## Uncertainty About Funding to Organizations Led by CEOs of Particular Communities

Percentage of foundations reporting that they are not sure about the percentage of foundation dollars currently going to organizations led by CEOs or Executive Directors from the following communities (*Number of respondents noted in parentheses*)



# Methodology

The findings presented in this report are based on data collected, analyzed, and interpreted by the Center for Effective Philanthropy (CEP). In total, 284 foundation leaders completed surveys. In addition, 33 foundations and 32 nonprofits participated in in-depth interviews. Information detailing the process for collecting and analyzing the data is below.

This is the second phase of a study that began in 2020. CEP published three reports in the first phase of the study.

## Survey Methodology

### Survey Population

#### **FOUNDATIONS THAT SIGNED THE PLEDGE (SIGNED SAMPLE)**

The Council on Foundations provided CEP staff with a list of all organizations that had signed “A Call to Action: Philanthropy’s Commitment During COVID-19” (referred to here simply as “the pledge”) as of January 25, 2021.

Foundation CEOs whose organizations had signed the pledge by this date were eligible for inclusion in this research study if the foundation they worked at

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was categorized by Candid’s Foundation Directory Online or CEP’s internal contact management software as an independent foundation, health conversion foundation, public charity, regrantor, corporate foundation, or community foundation; and

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had annual asset and giving information available through Candid’s Foundation Directory Online.

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#### **FOUNDATIONS THAT DID NOT SIGN THE PLEDGE (UNSIGNED SAMPLE)**

CEOs of foundations that did not sign the pledge but that would typically be invited to participate in CEP’s research (i.e., community and independent foundations that give at least \$5 million annually in grants) were also invited to participate in the survey. These CEOs were eligible for inclusion in this research study if the foundation they worked at

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was based in the United States;

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was categorized by Candid’s Foundation Directory Online or CEP’s internal contact management software as an independent, health conversion, or community foundation; and

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provided \$5 million or more in annual giving, according to information provided to CEP by Candid in June 2019.

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Furthermore, to be eligible for inclusion, CEOs leading eligible foundations must have had

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a title of president, CEO, executive director, or equivalent, as identified through the foundation’s website, 990 form, or internal CEP staff knowledge; and

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an email address that could be accessed through the foundation’s website or internal CEP records.

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## Survey Sample Characteristics

After meeting the criteria above, in April and May of 2021, 949 foundation CEOs from foundations located in the United States were invited via email to complete the survey.<sup>23</sup> The survey instructions invited CEOs to forward the survey to other senior leaders at their foundation if those people were better positioned to complete it.

While the survey was fielded, 45 foundation CEOs were removed from the sample due to invalid emails or responses showing them to be ineligible.

Completed surveys, defined as having at least 80 percent of the core questions answered, were received from 247 foundation leaders. Partially completed surveys, defined as having at least 50 percent of the core questions answered, were received from 37 foundation leaders (Table 2).<sup>24</sup>

**TABLE 2. Response Rate**

SURVEY SAMPLE	SURVEY PERIOD	NUMBER OF ELIGIBLE RESPONDENTS	NUMBER OF COMPLETED/PARTIAL RESPONSES	SURVEY RESPONSE RATE
All foundations	April to May 2021	904	284	31%
Signatories	April to May 2021	463	201	43%
Non-signatories	April to May 2021	441	83	19%

## Survey Administration

The survey was fielded online for a seven-week period from April to May 2021. Foundation leaders were sent a brief email including a description of the purpose of the survey, a statement of confidentiality, and a link to the survey. Leaders were sent up to 14 reminder emails.

## Survey Respondent Demographics

Foundation respondents represented foundations that varied in type, assets, giving, whether they had signed the pledge, program areas, and board representation (Table 3). In the survey, respondents were asked questions about their demographic characteristics (Table 4).

**TABLE 3. Foundation Characteristics**

FOUNDATION CHARACTERISTIC	SURVEY SAMPLE
<i>Type of foundation (N=284)</i>	
Independent	52%
Health conversion	4%
Community	35%
Public charity	8%
Corporate	1%
<i>Assets (N=284)</i>	
Range	~\$188K to ~\$14B
Median value	~\$120M
<i>Giving (N=284)</i>	
Range	~\$4K to ~\$2B
Median value	~\$7M
<i>Pledge (N=284)</i>	
Signatory	71%
Non-signatory	29%
<i>Program area* (N=244)</i>	
Arts, Culture, and Humanities	52%
Education	67%
Environment and Animals	47%
Health	64%
Human Services	67%
International, Foreign Affairs	11%
Mutual/Membership Benefit	5%
Public, Societal Benefit	44%
Religion Related	16%
Social Justice	56%
Other	25%

\*Respondents were allowed to select multiple program and board representation areas, so these categories are not mutually exclusive.

**TABLE 4. Foundation Respondent Professional and Demographic Characteristics**

FOUNDATION RESPONDENT CHARACTERISTIC	PERCENTAGE
<i>Current role at the foundation (N=245)</i>	
CEO/Executive Director	74%
Vice President of Programs	11%
Director of Strategy	3%
Other	12%
<i>Years in current role at foundation (N=245)</i>	
Less than 1 year	5%
At least 1 year but fewer than 3 years	16%
At least 3 years but fewer than 6 years	25%
At least 6 years but fewer than 10 years	19%
10 years or longer	36%
<i>Prior experience working for a grant-seeking nonprofit (N=245)</i>	
Yes	76%
No	24%
<i>Race or ethnicity* (N=244)</i>	
Asian or Asian American	5%
Black or African American	6%
Hispanic, Latino, Latina, Latinx, or Latin American	7%
Middle Eastern or North African	1%
Multiracial or Multi-ethnic	1%
Native American, Native Alaskan, or Indigenous	1%
Native Hawaiian or Pacific Islander	0.4%
White	81%
Different race or ethnicity	0.4%
Prefer not to say	1%
<i>Identifies as a person of color (N=244)</i>	
Yes	15%
No	82%
Prefer not to say	3%

**TABLE 4. Foundation Respondent Professional and Demographic Characteristics (continued)**

FOUNDATION RESPONDENT CHARACTERISTIC	PERCENTAGE
<i>Gender* (N=239)</i>	
Woman (Cisgender or Transgender)	66%
Man (Cisgender or Transgender)	32%
Gender non-conforming	0%
Non-binary	0%
Different identity	0%
Prefer not to say	2%
<i>Has a disability (N=243)</i>	
Yes	5%
No	92%
Prefer not to say	3%

\*Respondents were allowed to select multiple racial or ethnic and gender identities, so those categories are not mutually exclusive.

## Response Bias

Responses were examined for response bias. Foundations with leaders who responded to this survey did not differ from non-respondent foundations by foundation type. Leaders from foundations that have used CEP’s assessments were slightly more likely to respond to the survey than those from foundations that have not used a CEP assessment.<sup>25</sup> Leaders from foundations below the asset and giving median split were slightly more likely to respond to the survey than those from foundations at or above the asset median split.<sup>26</sup> Leaders from foundations located in the Northeast and in the West were slightly more likely to respond to the survey than those located in the Midwest and the South.<sup>27</sup> Lastly, leaders from foundations that signed the pledge were more likely to respond to the survey than leaders from foundations that did not sign the pledge.<sup>28</sup> See below for information on differences in survey responses between these two groups.

## Survey Instrument

The foundation survey assessed whether foundations have been making changes to their practices in response to the COVID-19 pandemic, the resulting economic downturn, and demands for addressing systemic racism and its related disparities. The survey, which contained 63 items, asked about types of grants provided, reporting requirements, support for organizations that serve the communities most affected, and grantmaking budgets. The survey also asked whether foundations are incorporating these changes into how they will work going forward.

Copies of the survey instrument can be found on our website, [www.cep.org](http://www.cep.org).

## Quantitative Analysis of Survey Data

The quantitative survey data from foundation leaders were examined using descriptive statistics and a combination of correlations, independent sample t-tests, chi-squares, logistic regressions, and analyses of variance. 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. Unless otherwise noted, only analyses with medium or large effect sizes are reported.

## Qualitative Analysis of Survey Data

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

A codebook was developed for each open-ended item by reading through all responses to identify common themes. Each coder used the codebook when categorizing responses to ensure consistency and reliability. One coder coded all responses to a survey question and a second coder coded 15 percent of those responses. An average interrater reliability level of at least 80 percent was achieved for each codebook.

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

## Differences in the Survey Responses of Foundations That Did and Did Not Sign the Pledge

Consistent with the [pledge's](#) charge to reduce what is asked of grantees, survey respondents whose foundation signed the pledge more frequently report making changes to their application and reporting processes. Additionally, in comparison to those that did not sign the pledge, signatories report directing a greater percentage of grant dollars to organizations led by those from the following communities:

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Latino

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Lower income

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Undocumented immigrants

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We did not find differences between foundations that did and did not sign the pledge when it comes to their plans for sustaining changes into the future.

In addition, as foundations that signed the pledge tended to be smaller, we analyzed survey items by foundations' giving level, but saw no noteworthy differences.

# Interview Methodology

## Interview Population

### FOUNDATIONS

Of the foundations included in the survey sample, 86 that were not interviewed in the first phase of this study were randomly selected and invited to be interviewed from April to June 2021. To ensure that our interview group was representative of the type, geographic region, and size of foundations in the interview sample, as well as the proportion of foundations in the sample that did or did not sign the pledge, foundations were stratified by the following variables:

Type of foundation (independent foundation, community foundation, corporate foundation, or public charity)
U.S. geographic region (Midwest, Northeast, South, or West)
Assets (over or under the median of \$143 million among the foundations in the interview sample)
Pledge participation (whether the foundation signed “A Call to Action: Philanthropy’s Commitment During COVID-19”)

Foundation CEOs were then randomly selected from each of the stratified groups to ensure that a representative sample was invited to participate in interviews. Ultimately, 52 individuals at 33 foundations participated in interviews.

Foundation CEOs were invited to include other staff members from the foundation with relevant knowledge in their interviews. Of the 33 interviews, 15 were with only the foundation CEO, 15 were with the CEO and other staff members, and 3 were with foundation staff interviewing in the CEO’s stead. After their interview, 35 interviewees provided information about their professional backgrounds and demographic characteristics by completing an online form (Table 5).

**TABLE 5. Foundation Interviewee Characteristics**

FOUNDATION INTERVIEWEE CHARACTERISTIC	PERCENTAGE
<i>Current role at the foundation (N=35)</i>	
CEO/Executive Director	66%
Vice President of Programs	14%
Director of Strategy	9%
Program Officer	6%
Grants Manager	3%
Other	3%

**TABLE 5. Foundation Interviewee Characteristics (continued)**

FOUNDATION INTERVIEWEE CHARACTERISTIC	PERCENTAGE
<i>Years in current role at the foundation (N=34)</i>	
Less than 1 year	11%
At least 1 year but fewer than 3 years	21%
At least 3 years but fewer than 6 years	24%
At least 6 years but fewer than 10 years	14%
10 years or longer	30%
<i>Prior experience working for a grant-seeking nonprofit (N=35)</i>	
Yes	83%
No	17%
<i>Race or ethnicity* (N=35)</i>	
Asian or Asian American	3%
Black or African American	11%
Hispanic, Latino, Latina, Latinx, or Latin American	6%
Middle Eastern or North African	0%
Multiracial or Multi-ethnic	3%
Native American, Native Alaskan, or Indigenous	0%
Native Hawaiian or Pacific Islander	0%
White	80%
Different race or ethnicity	0%
Prefer not to say	0%
<i>Identifies as a person of color (N=35)</i>	
Yes	20%
No	80%
Prefer not to say	0%
<i>Gender* (N=35)</i>	
Woman (Cisgender or Transgender)	63%
Man (Cisgender or Transgender)	34%
Gender non-conforming	0%

**TABLE 5. Foundation Interviewee Characteristics (continued)**

FOUNDATION INTERVIEWEE CHARACTERISTIC	PERCENTAGE
Non-binary	0%
Different identity	3%
Prefer not to say	0%

\*Interviewees were allowed to select multiple racial or ethnic and gender identities, so those categories are not mutually exclusive.

## NONPROFITS

Nonprofit interviewees were drawn from CEP’s panel of nonprofit leaders, *The Grantee Voice: Feedback for Funders*. For more information on the current panel, please click this [link](#).

Our goal was to interview about 30 nonprofit leaders. We randomly selected half of the 556 members of the panel and invited them to indicate their interest in participating in an interview by completing a brief demographic form. Few of the members’ demographic forms indicated that they identify as people of color. To ensure that our interview group contained several leaders who identify as people of color, we invited another quarter of the panel to indicate their interest in participating in an interview. Sixty-one leaders indicated interest, either by completing the form or responding to the email. We invited all of the leaders whose demographic forms indicated they identify as people of color to participate in interviews. We then invited other leaders in the order in which they expressed interest.

Ultimately, 34 individuals at 32 nonprofits participated in interviews.

Nonprofit CEOs were invited to include other staff members from their organization with relevant knowledge in their interviews. Of 32 interviews, 27 were with the nonprofit CEO, one was with the CEO and two other staff members, and four were with other staff members interviewing in the CEO’s stead. Before the interviews, 28 interviewees provided information about their demographic characteristics by completing an online survey (Table 6).

**TABLE 6. Nonprofit Interviewee Characteristics**

NONPROFIT INTERVIEWEE CHARACTERISTIC	PERCENTAGE
<i>Current role at the nonprofit (N=27)</i>	
CEO/Executive Director	92%
Finance Director	4%
Development Director	0%
Other	4%

**TABLE 6. Nonprofit Interviewee Characteristics (continued)**

NONPROFIT INTERVIEWEE CHARACTERISTIC	PERCENTAGE
<i>Years in current role at the nonprofit (N=27)</i>	
Less than 1 year	15%
At least 1 year but fewer than 3 years	4%
At least 3 years but fewer than 6 years	37%
At least 6 years but fewer than 10 years	11%
10 years or longer	33%
<i>Race or ethnicity* (N=27)</i>	
Asian or Asian American	7%
Black or African American	7%
Hispanic, Latino, Latina, Latinx, or Latin American	11%
Middle Eastern or North African	0%
Multiracial or Multi-ethnic	0%
Native American, Native Alaskan, or Indigenous	0%
Native Hawaiian or Pacific Islander	0%
White	74%
Different race or ethnicity	0%
Prefer not to say	0%
<i>Identifies as a person of color (N=28)</i>	
Yes	25%
No	75%
Prefer not to say	0%
<i>Gender* (N=28)</i>	
Woman (Cisgender or Transgender)	61%
Man (Cisgender or Transgender)	36%
Gender non-conforming	0%
Non-binary	0%
Different identity	0%
Prefer not to say	3%

\*Interviewees were allowed to select multiple racial or ethnic and gender identities, so those categories are not mutually exclusive.

# Sample Demographics

## FOUNDATIONS

Foundation interviewees represented foundations that varied in type, asset size, geographic location, and whether they had signed the pledge (Table 7).

**TABLE 7. Foundation Characteristics**

FOUNDATION CHARACTERISTIC		INTERVIEW SAMPLE
<i>Type of foundation (N=33)</i>		
	Independent	61%
	Community	33%
	Public charity	3%
	Corporate	3%
<i>Assets (N=33)</i>		
	Range	~\$11M to ~\$7B
	Median value	~\$144M
<i>Geographic location (N=33)</i>		
	Northeast	18%
	Midwest	30%
	South	27%
	West	24%
<i>Pledge (N=33)</i>		
	Signatory	58%
	Non-signatory	42%

**NONPROFITS**

Nonprofit interviewees represented organizations that varied in expenses and staff size (Table 8).

**TABLE 8. Nonprofit Characteristics**

NONPROFIT CHARACTERISTIC	INTERVIEW SAMPLE
<i>Expenses (N=33)</i>	
Range	~\$140K to ~\$34M
Median value	~\$1.7M
<i>Staff (N=32)</i>	
Range	1 FTE to 400 FTE
Median value	21 FTE

**Interview Protocols**

After interview protocols were developed, four pilot interviews with foundation leaders and three pilot interviews with nonprofit leaders were conducted to test the protocols. The interview protocols were edited based on the feedback from the pilot interviewees. Pilot interviews were excluded from the analysis.

Every interview protocol began with an introductory script describing the purpose of the study and the confidentiality of the conversation. At the start of the conversation, interviewees were asked to provide permission for the interview to be recorded and transcribed.

The interview protocol for foundation leaders consisted of 14 questions for the interviewee(s) about the changes their foundations have made to their work since 2020—such as increasing flexibility and responsiveness to grantees, supporting communities most affected by the COVID-19 pandemic, and working to advance racial equity—and whether those changes will be incorporated into the foundation’s future work after the pandemic is contained.

The interview protocol for nonprofit leaders consisted of 19 questions for the interviewee(s) about what changes, if any, nonprofits have experienced in their work with foundations and individual donors, what effect these changes have had on their organizations, and what kinds of conversations, if any, nonprofits have had with their foundation funders and individual donors about their future grantmaking practices.

**Data Collection**

**FOUNDATIONS**

From April to June 2021, 33 interviews were conducted by one CEP staff member. Interviews lasted approximately 75 minutes. All interviewees were promised confidentiality.

## **NONPROFITS**

In April and May 2021, 32 interviews were conducted by two CEP staff members. Interviewers discussed the interview process and worked together to establish consistency in style. Interviews lasted approximately one hour. All interviewees were promised confidentiality.

### **Data Analysis**

Interview recordings were professionally transcribed and thematically coded by members of CEP's research team. Several transcripts were reviewed by three coders, and common themes were identified and used to create codebooks. The codebooks were used to code all subsequent transcripts and ensure consistency across all coders. Substantial pairwise interrater reliability agreement was achieved for all codes.

Descriptive statistics were conducted to examine the prevalence of common themes in each interview. Quotes that were representative of these themes are included throughout the report.

# Endnotes

1. Naomi Orensten and Ellie Buteau, “Foundations Respond to Crisis” (Cambridge, MA: Center for Effective Philanthropy, 2020), <https://cep.org/foundations-respond-to-crisis/>.
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11. Orensten and Buteau, “Foundations Respond to Crisis.”

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12. Orensten and Buteau, “Foundations Respond to Crisis.”

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14. Cyril et al., “Mismatched – Philanthropy’s Response to the Call for Racial Justice.”

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15. This data point is similar to findings from Candid about increases in foundation giving. Sarina Dayal and Grace Sato, “Did Foundation Giving and Payout Shift in 2020?,” *Candid Blog* (blog), June 29, 2021, <https://blog.candid.org/post/did-foundation-giving-and-payout-shift-in-2020>.

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16. This finding is similar to those in this recent CEP report. Hannah Martin, Kate Gehling, and Ellie Buteau, “Persevering Through Crisis: The State of Nonprofits” (Center for Effective Philanthropy, 2021), <https://cep.org/portfolio/persevering-through-crisis-the-state-of-nonprofits/>.

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17. We define more racially diverse boards as those for which at least 25 percent of board members are people of color, because this is the composition at which we start to see statistically significant differences in the data. Analyses from CEP’s 2020 study, [Foundations Respond to Crisis: Towards Equity?](#), identified a similar pattern. As we wrote, “Across most survey items, we see a trend of slight but meaningful differences in foundation practices based upon the racial diversity of boards,” noting the numerous practices that foundations with more racially diverse boards were slightly more likely to engage in. Orensten and Buteau, “Foundations Respond to Crisis.”

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23. All but one foundation invited to take the survey were located in the United States.

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24. Core questions are the key independent and dependent variables in a study. We use these questions to determine response rates.

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25. A chi-square analysis was conducted between whether leaders of foundations responded to our survey and whether those foundations have used a CEP tool. A statistical difference of a small effect size was found (0.174).

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26. A chi-square analysis was conducted between whether leaders of foundations responded to our survey and whether those foundations were above or below the asset and giving level median split. A statistical difference of a small effect size was found for both (0.071 and 0.081, respectively).
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27. A chi-square analysis was conducted between whether leaders of foundations responded to our survey and those foundations' geographic region. A statistical difference of a small effect size was found (0.159).
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28. A chi-square analysis was conducted between whether leaders of foundations responded to our survey and whether those foundations signed the pledge. A statistical difference of a medium effect size was found (0.265).
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