

# FUNDER SUPPORT DURING THE COVID-19 PANDEMIC

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## RESEARCH QUESTIONS

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How have nonprofits and the people and communities they serve been impacted by the COVID-19 pandemic?

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How have staffed foundation funders and major donors responded in support of nonprofits during the COVID-19 pandemic?

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Going forward, what do nonprofits most need from funders?

## METHODOLOGY

The survey was fielded to CEP's *Grantee Voice* panel, a national sample of CEOs from nonprofit, grant-seeking organizations that receive at least one grant from foundations giving \$5 million or more annually.

**In May, we sent the survey to 595 nonprofit CEOs and received responses from 172 for a response rate of 29 percent.**

Nonprofits represented by leaders who responded to the survey did not differ significantly from non-respondent organizations by staff size, annual expenses, or region of the United States in which the nonprofit is located.

Organizational Characteristic	Range	Median Value
Expenses	~\$100K to ~\$88M	~\$1.6M
Staff	1 FTE to ~500 FTE	14 FTE

## DEFINITION

Major donors: individual donors who give \$7,500 or more to the respondent's organization in a given year (for more information about this definition, please see [Crucial Donors](#))

# KEY FINDINGS



## FINDING 1

While COVID-19 has had devastating impacts on nonprofits, the negative impacts have been magnified for nonprofits that provide direct services and serve historically disadvantaged communities.



## FINDING 2

During this time, nonprofits that rely on foundation funding are experiencing fewer negative impacts and more stable funding than those relying more so on earned revenue or gifts from individual donors.



## FINDING 3

While staffed foundation funders and major donors have been helpful during the pandemic, major donors are significantly less likely to have talked with nonprofits that are led by women about how they will support them in the future.



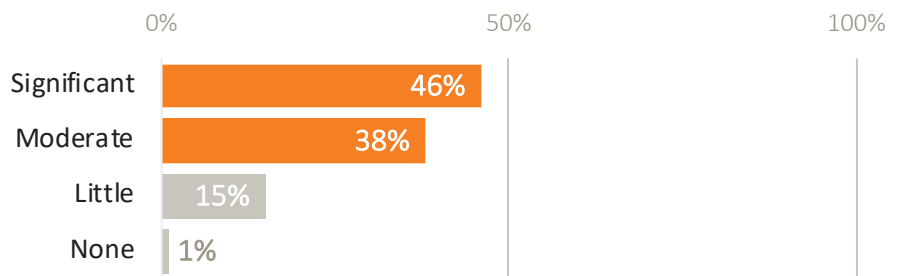
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While COVID-19 has had devastating impacts on nonprofits, the negative impacts have been magnified for nonprofits that provide direct services and serve historically disadvantaged communities.

### IMPACT OF COVID-19 ON NONPROFITS

Nonprofit organizations are struggling. Most leaders say that COVID-19 is having a moderate or significant negative impact on their organization.

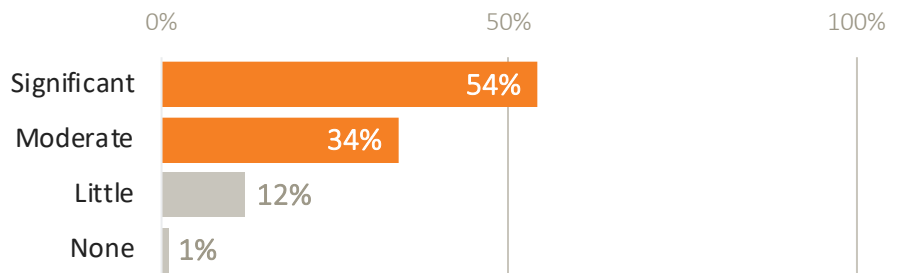
#### Negative impact that COVID-19 is having on nonprofits



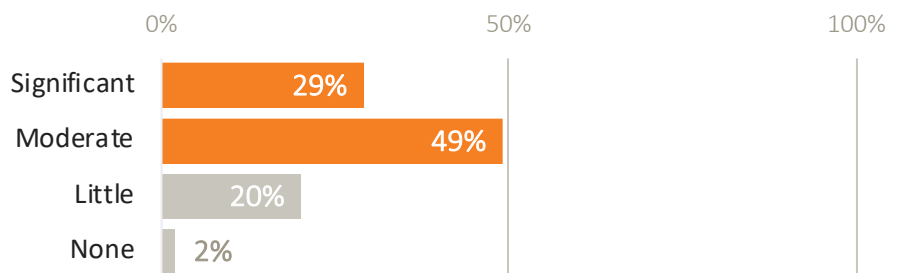
The impact of COVID-19 differs by the type of work the nonprofit does. Leaders of direct service nonprofits rate the negative impact of COVID-19 significantly greater than leaders at non-direct service nonprofits.

#### Negative impact that COVID-19 is having on nonprofits, by type of work

##### Direct service nonprofits



##### Non-direct service nonprofits





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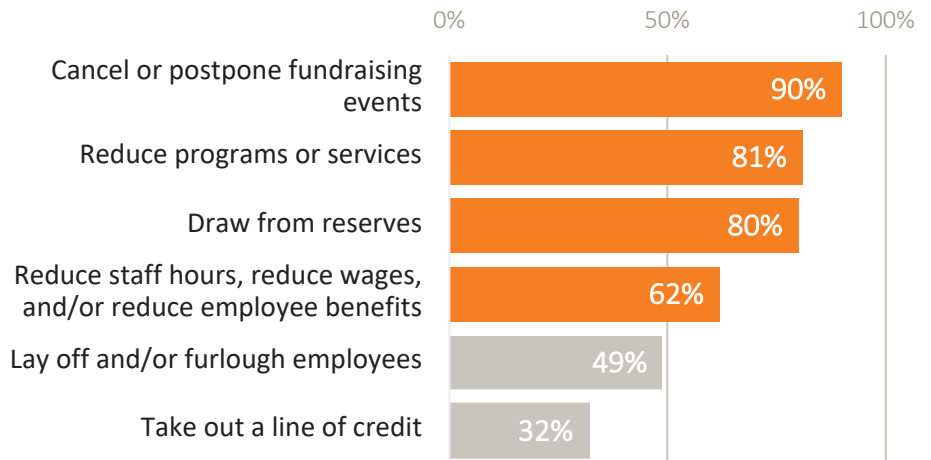
### ACTIONS THAT NONPROFITS HAVE TAKEN/WILL TAKE

Nonprofits are taking a variety of actions as a result of COVID-19. Most leaders report that their organizations have had to or expect to take the following actions:

- *Cancel or postpone fundraising events*
- *Reduce programs or services*
- *Draw from reserves*
- *Reduce staff hours, reduce wages, and/or reduce employee benefits*

Fewer, but still a substantial number, have had to or expect to lay off and/or furlough employees or take out a line of credit.

#### Actions that nonprofits have taken/will take



### RESERVE FUNDS

Most nonprofits—82 percent—had reserve funds before the pandemic began. Half of these nonprofits had four months of operating expenses in reserve funds or less before the pandemic began.



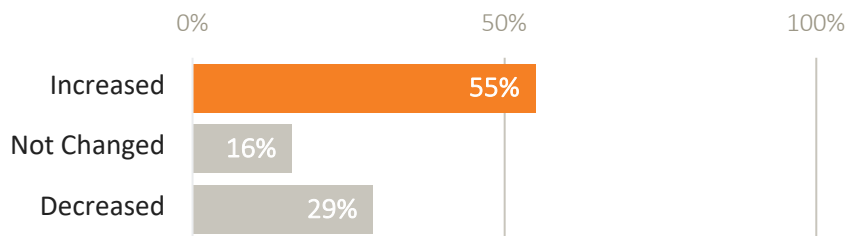
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### DEMAND FOR PROGRAMS AND SERVICES

At the same time as many nonprofits are having to take actions such as reducing programs or services as a result of COVID-19, over half report that they have experienced an increase in demand for their programs and services.

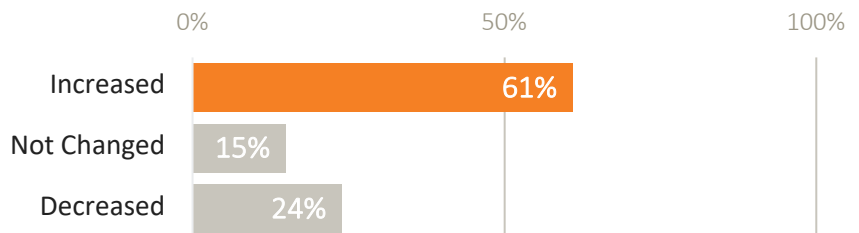
#### Change in demand for programs and services as a result of the pandemic



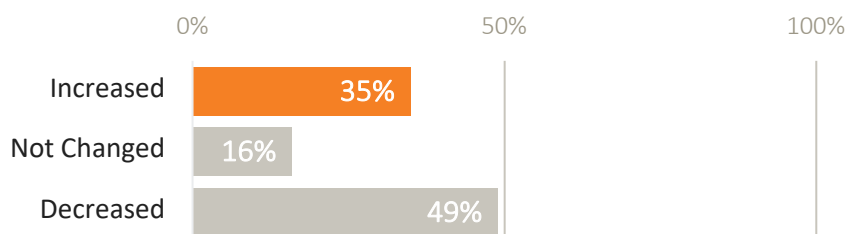
#### Change in demand for programs and services as a result of the pandemic, by community served

The community served by a nonprofit influences how much of an increase in demand organizations have experienced. Nonprofits that primarily serve historically disadvantaged communities/populations are more likely to have experienced an increase in demand.

##### *Nonprofits that primarily serve historically disadvantaged communities/populations*



##### *Nonprofits that do not primarily serve historically disadvantaged communities/populations*





## FINDING 1

While COVID-19 has had devastating impacts on nonprofits, the negative impacts have been magnified for nonprofits that provide direct services and serve historically disadvantaged communities.

### HOW NONPROFITS ARE LISTENING TO AND GATHERING FEEDBACK FROM THE PEOPLE AND COMMUNITIES THEY SERVE

#### DIRECT COMMUNICATION

“We have kept all our programs running, either through in-person but socially-distant service delivery OR through virtual services, so our team is speaking to customers every single day and learning about the challenges they are facing. One challenge was that they did not have a resource to get masks, so we were able to solicit donations and make sure every customer visiting in person gets a reusable mask to wear at their appointments and take with them for protection.”

#### SURVEYS

“We are conducting a COVID-19 assessment on a weekly basis with our families to understand needs in real time so that we can develop strategies quickly to meet those needs and adapt programming.”

### BIGGEST CHALLENGES FACING THE PEOPLE AND COMMUNITIES THAT NONPROFITS SERVE

#### FINANCIAL SECURITY

“Over half of the constituents with whom we work have lost their jobs, and many are struggling with rent or eviction.”

#### FOOD SECURITY

“Food is the biggest need right now - the food bank is stretched to capacity and has never seen this kind of demand.”

#### MENTAL HEALTH

“When families are struggling to survive, mental health is not prioritized.”



## FINDING 1

While COVID-19 has had devastating impacts on nonprofits, the negative impacts have been magnified for nonprofits that provide direct services and serve historically disadvantaged communities.

## BIGGEST CHALLENGES FACING NONPROFIT LEADERS

### **SUPPORTING STAFF WELL-BEING**

“Balancing the anxiety and needs of staff and the enormous demands on our organization. Just accepting and holding all the emotions. I’m in my 60s and have been in leadership roles for 30+ years. It’s never been this hard.”

### **FINANCIAL SECURITY**

“Desperately trying to find funds to keep the nonprofit afloat and our staff employed. With so many revenue streams compromised, we are looking for ways to cut costs left and right and expect to end the fiscal year in the red for the first time in nine years.”

### **DECISION MAKING IN THE MIDST OF UNCERTAINTY**

“Reacting positively to circumstances that change on a dime. Planning, reacting, planning again, and maintaining good communication in all directions while doing this.”





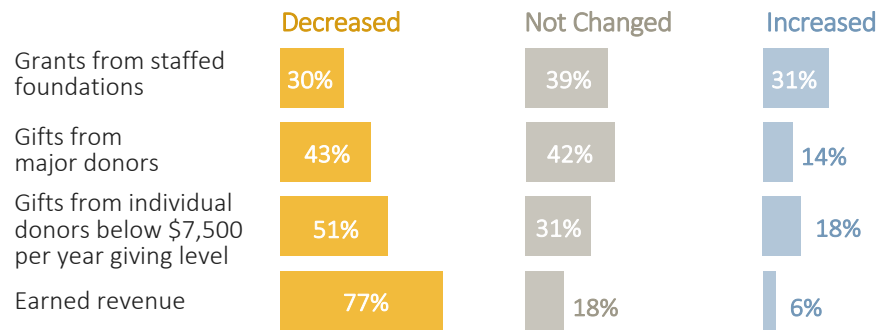
## FINDING 2

During this time, nonprofits that rely on foundation funding are experiencing fewer negative impacts and more stable funding than those relying more so on earned revenue or gifts from individual donors.

### CHANGES IN REVENUE AS A RESULT OF COVID-19

Revenue from staffed foundation grants has been more stable than revenue from other sources, including gifts from major donors, gifts from individual donors below the \$7,500 per year giving level, and earned revenue.

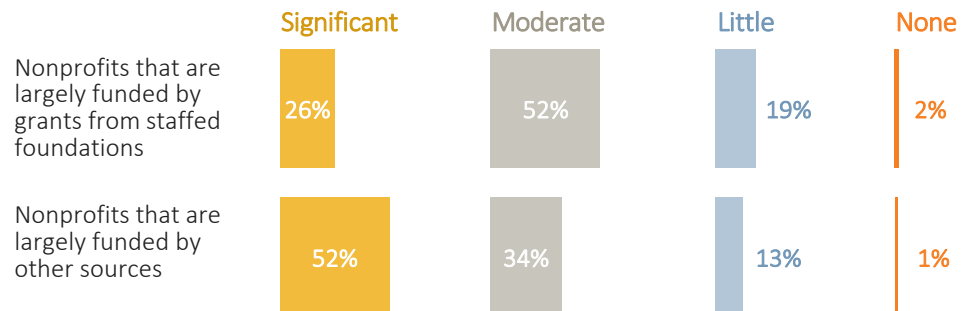
#### How revenue from different sources has changed as a result of the pandemic



### IMPACT OF COVID-19, BY MAJOR FUNDING SOURCE

Nonprofits' major sources of funding matter when it comes to the impact of COVID-19. Organizations that are largely funded by foundations have been less negatively impacted by COVID-19 than organizations that depend on other sources of revenue.

#### Negative impact that COVID-19 is having on nonprofits, by major funding source





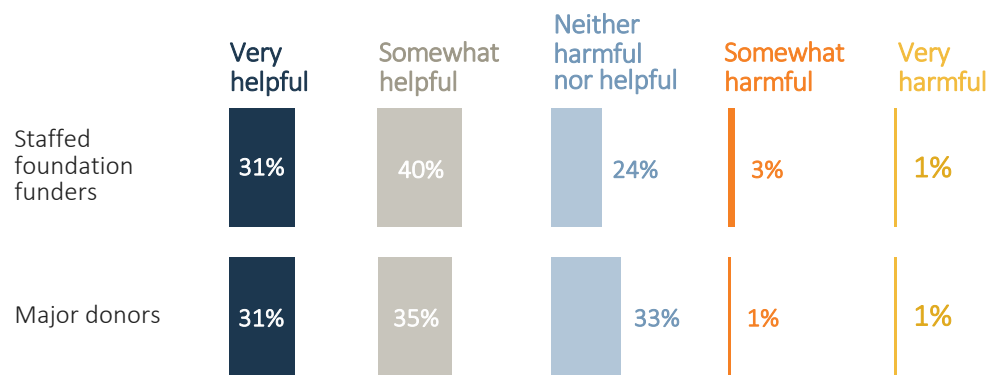
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While staffed foundation funders and major donors have been helpful during the pandemic, major donors are significantly less likely to have talked with nonprofits that are led by women about how they will support them in the future.

### FUNDER HELPFULNESS

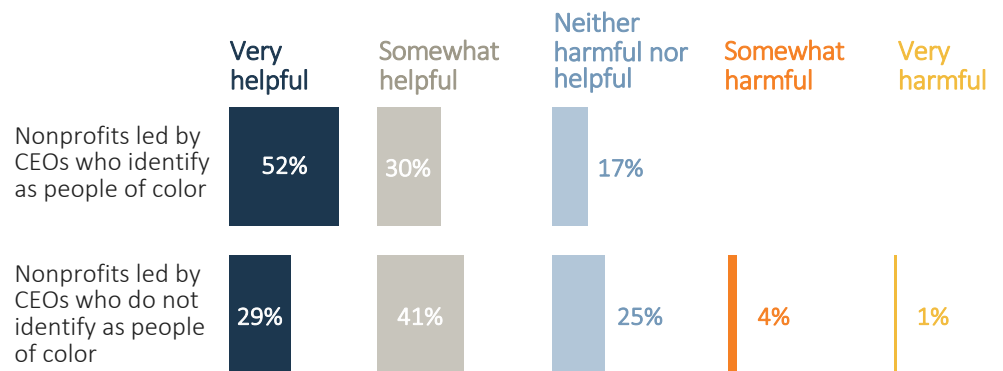
Most leaders say that their organization’s staffed foundation funders and major donors have been helpful to their organizations during the pandemic.

#### Helpfulness of staffed foundation funders and major donors during the pandemic



Nonprofits led by CEOs who identify as people of color rate their staffed foundation funders significantly higher on helpfulness than nonprofits led by CEOs who do not.

#### Helpfulness of staffed foundation funders during the pandemic, by whether the nonprofit is led by a CEO who identifies as a person of color





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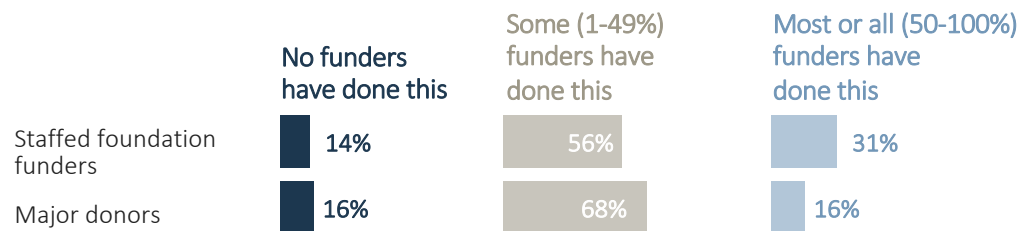
### FUNDER COMMUNICATION

CEP’s previous research has shown that funder-nonprofit relationships matter, and a key component of relationships is communication (see [Relationships Matter](#)). Since the pandemic began, most leaders say that at least some of their staffed foundation funders and major donors have done the following:

- *Made direct, personal contact with their organization*
- *Talked with them about how the pandemic is affecting the people and communities the organization serves*
- *Talked with them how the pandemic will change the way they support the organization in the future*

#### How staffed foundation funders and major donors have communicated with nonprofits during the pandemic

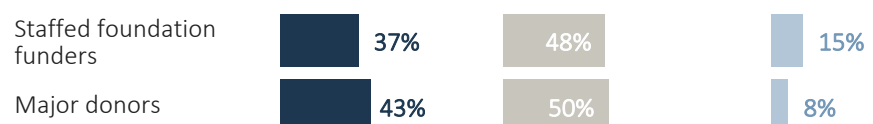
##### *Made direct, personal contact with the organization*



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##### *Talked with the organization about how the pandemic will change the way they support the organization in the future*





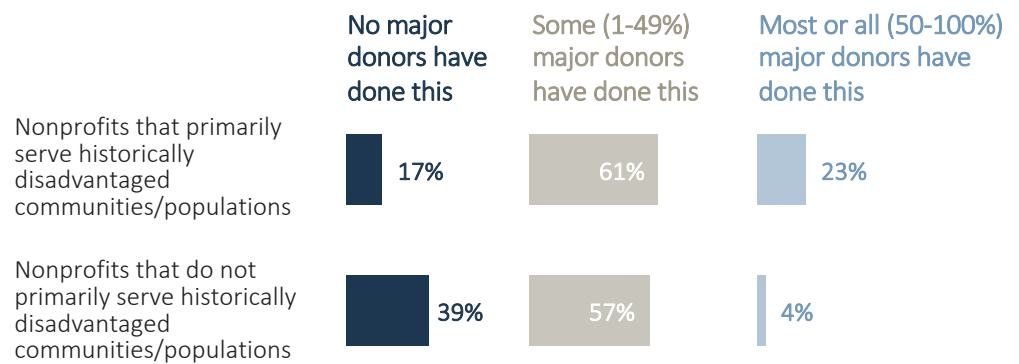
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### MAJOR DONOR COMMUNICATION

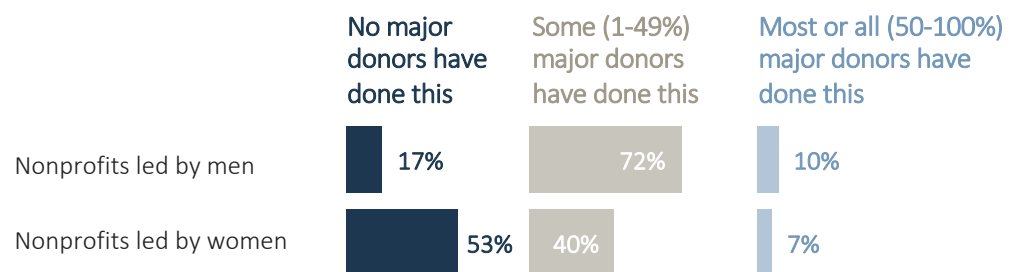
Major donors are significantly more likely to have talked with nonprofits that primarily serve historically disadvantaged communities/populations about how the pandemic is affecting the people and communities they serve.

#### How major donors have talked with nonprofits about how the pandemic is affecting the people and communities they serve, by community served



Gender of the nonprofit leader matters when it comes to transparency about future funding from major donors. Major donors are significantly more likely to have talked with nonprofits that are led by men about how the pandemic will change the way they support them in the future.

#### How major donors have talked with nonprofits about how the pandemic will change the way they will support them in the future, by CEO gender\*



\*Note: A very small number of respondents selected non-binary gender identities, so we were unfortunately unable to include them in the analysis.



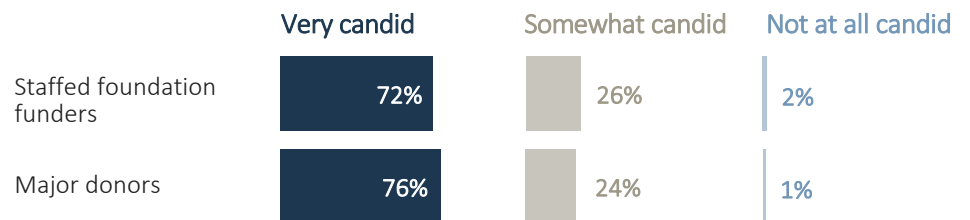
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### HOW CANDID NONPROFITS CAN BE WITH FUNDERS

While most leaders feel they are able to be candid with their staffed foundation funders and major donors about challenges their organization is facing as a result of the pandemic, at least a quarter feel they cannot be very candid.

#### How candid leaders feel they are able to be with staffed foundation funders and major donors about challenges their organization is facing as a result of the pandemic





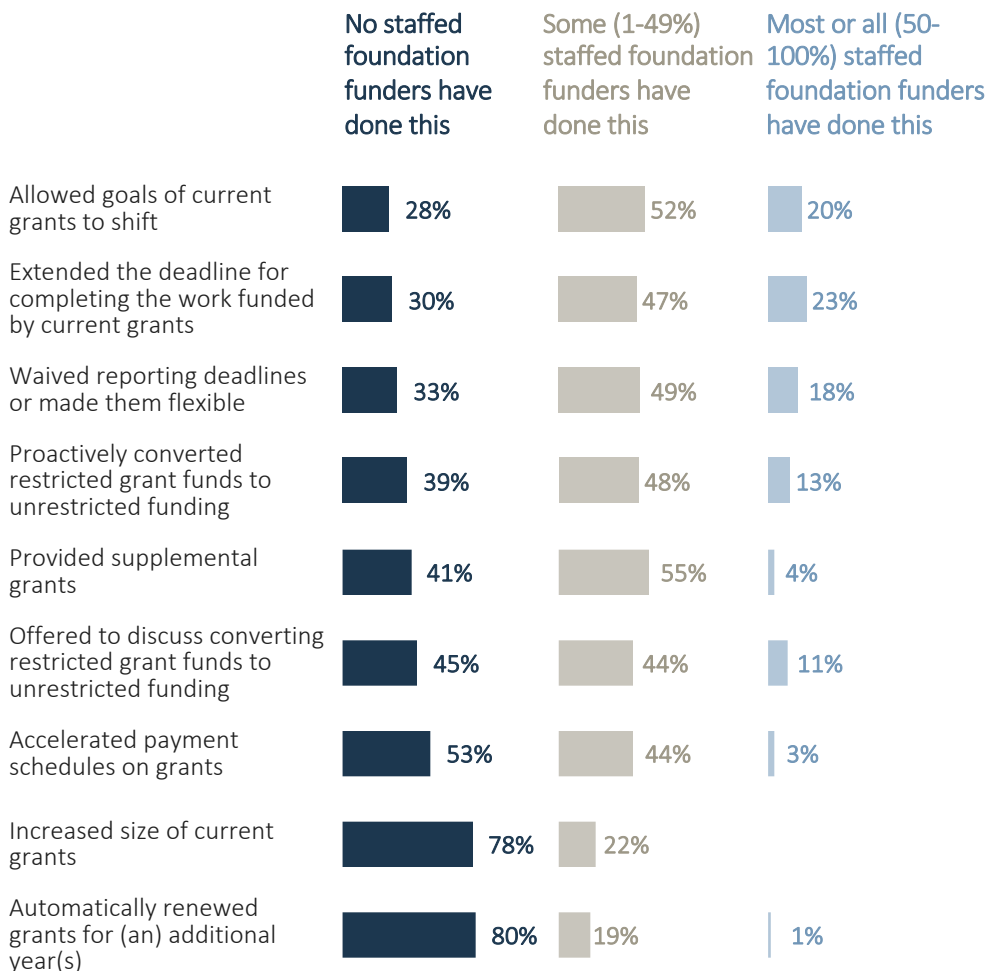
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## ACTIONS THAT STAFFED FOUNDATION FUNDERS HAVE TAKEN

While leaders say that some of their organization’s staffed foundation funders have taken actions beyond communications to support them, few report that the majority of these funders have taken these actions. Most say that at least some of their staffed foundation funders have allowed goals of current grants to shift, extended the deadline for completing the work funded by current grants, waived reporting deadlines or made them flexible, proactively converted restricted grant funds to unrestricted funding, provided supplemental grants, and offered to discuss converting restricted grant funds to unrestricted funding. Fewer report that their funders have accelerated payment schedules on grants, increased the size of current grants, or automatically renewed grants.

### Actions that staffed foundation funders have taken





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### HOW FOUNDATIONS HAVE BEEN MOST HELPFUL

Leaders whose staffed foundation funders have taken more of the actions mentioned on previous pages rate the overall helpfulness of their staffed foundations significantly higher. Nonprofits perceive their staffed foundation funders as more helpful when they engage in a variety of actions to help nonprofits, as opposed to only one or two isolated actions.

Of all of the actions that staffed foundation funders have taken to support nonprofits during the pandemic, leaders say that the most helpful actions that these funders have taken are reaching out to them—especially to ask what they need—providing more funding, and providing unrestricted funding.

#### REACHING OUT TO NONPROFITS, ESPECIALLY TO ASK WHAT THEY NEED

“Taking the time to talk - by phone or video conference—to ask how we are doing, what we are seeing, what we need, how they can help. It may seem small but taking the time to personally inquire reflects a sense of community, a feeling that we are in this together.”

#### PROVIDING MORE FUNDING

“Provided supplemental funding.”

#### PROVIDING UNRESTRICTED FUNDING

“The most helpful has been reaching out to let us know that we can convert our grants to operations, if need be.”

### WHAT NONPROFITS MOST NEED FROM FOUNDATIONS

Going forward, nonprofits most need their staffed foundation funders to provide unrestricted funding, provide more funding, and reach out to them to provide transparency about how the pandemic will impact future support.

#### PROVIDE UNRESTRICTED FUNDING

“Most of all, commitment of unrestricted dollars over a longer timeframe so that we can focus on our mission and not fundraising. It was stunning to me how much effort nonprofits had to spend early in the crisis doing fundraising to stay afloat rather than focusing on serving communities.”

#### PROVIDE MORE FUNDING

“More investment. Stop protecting endowments for some future—the future isn't going to matter for so many if they don't get the support they need now.”

#### REACH OUT TO NONPROFITS, ESPECIALLY TO PROVIDE TRANSPARENCY ABOUT HOW THE PANDEMIC WILL IMPACT FUTURE SUPPORT

“We would like more communication regarding future funding.”



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### HOW MAJOR DONORS HAVE BEEN MOST HELPFUL

Leaders whose major donors have taken more of the actions mentioned on previous pages rate the overall helpfulness of their major donors significantly higher. Nonprofits perceive their major donors as more helpful when they engage in a variety of actions to help nonprofits, as opposed to only one or two isolated actions.

Leaders say that their organization's major donors have been most helpful by providing more funding, reaching out to them—especially to express care—and providing non-monetary assistance—particularly fundraising assistance.

#### PROVIDING MORE FUNDING

“They stepped in quickly with proactive unrestricted donations based on our anticipated expenses, getting us through March and April without layoffs.”

#### REACHING OUT TO NONPROFITS, ESPECIALLY TO EXPRESS CARE

“They've checked in with us, thanked us for what we are doing, and let us know they will either be making a gift in the future or let us know they may be making a more modest gift for now.”

#### PROVIDING NON-MONETARY SUPPORT, ESPECIALLY FUNDRAISING ASSISTANCE

“Holding mini-fundraisers and food drives for us so we can focus directly on the crisis at hand.”

### WHAT NONPROFITS MOST NEED FROM MAJOR DONORS

Going forward, nonprofits most need their major donors to provide more funding, reach out to them—especially to provide transparency about how the pandemic will impact future support and to express care—and provide non-monetary support—especially fundraising assistance.

#### PROVIDE MORE FUNDING

“For those who are safe, employed, wealthy, fortunate -- give with a mindset of plenty instead of fear of less.”

#### REACH OUT TO NONPROFITS, ESPECIALLY TO PROVIDE TRANSPARENCY ABOUT HOW THE PANDEMIC WILL IMPACT FUTURE SUPPORT AND TO EXPRESS CARE

“Information about what their giving might look like later this year.”

#### PROVIDE NON-MONETARY SUPPORT, ESPECIALLY FUNDRAISING ASSISTANCE

“Tell your friends why you love us.”



# IMPLICATIONS

Nonprofits are struggling, especially those that provide direct services and serve historically disadvantaged communities, and while funders are helping, there is a lot more they can do:

1

## **PROVIDE MORE FUNDING IF YOU ARE ABLE.**

Nonprofits that rely on foundation funding are experiencing fewer negative impacts, likely because this funding has been the most stable.

2

## **PROVIDE UNRESTRICTED FUNDING.**

This type of funding gives nonprofits flexibility to handle needs as they arise.

3

## **REACH OUT TO PROVIDE TRANSPARENCY ABOUT HOW THE PANDEMIC WILL IMPACT YOUR FUTURE SUPPORT.**

Nonprofit leaders are finding it extremely challenging to plan for the future, at least in part because some funders are not communicating their plans. Women in particular report that this is the case.

PROJECT FUNDED BY:



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