

The Giving Landscape: 2020 Trends



NATIONAL CENTER FOR
FAMILY PHILANTHROPY

Context on the Sector: Trends in Donor Behavior During COVID-19

The sector has evolved in the wake of COVID-19. How has COVID changed the pace and method of donor response? What are the major trends in donor behavior?

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TREND **1** Re-thinking Risk: Meeting the Needs of the Moment

Families are shifting to action—giving big and giving now—and revisiting their relationship to community needs, risk, and values in light of the crisis.

- The current moment is a reminder of the long-held belief that philanthropic dollars serve as risk capital for innovation and social impact. It is clear that safe approaches are not sufficient
- Although it has been long acknowledged, the events of 2020 have elevated the conversation on the necessity and role of risk, prompting families to reflect on their own relationship to it
- Donors are reorienting to deploy philanthropic capital with increased expedience
- Donors are revisiting and increasing payout in light of exceptional needs and reflecting on the purpose of their philanthropy at a quicker pace to support the community
- Giving families are being asked to revisit their approach and be bold. They are moving from pause and uncertainty to action, hope, and greater trust

TREND **2** Trust-based Philanthropy: Building Balanced, Productive Relationships with Grantees

Philanthropy is normalizing a trust-based approach that accelerates learning and partnership, and minimizes power dynamics and burdens on grantees.

- There is a greater openness to trust-based philanthropy, building partnerships, and utilizing grantmaking practices that reduce burdens on grantees and allows them to dedicate more time to mission-critical work
- Donors are asking grantees what is needed and providing the support to accomplish their stated goals and objectives
- Families are responding more nimbly:
 - » Leveraging multi-year grants
 - » Fewer reporting requirements
 - » Shifting to general operating support
 - » Paying full costs
 - » Renegotiating existing grants
- Trust-based practices are being widely adopted. Donors recognize the value of strong grantee relationships, signaling a lasting shift grantmaking practices

Listening: Proximity to Ultimate Beneficiaries

There is a growing understanding that effective philanthropy must leverage the power and voices of its end beneficiaries.

- Families are listening to the communities they seek to serve and understand the need to be more closely connected to those most proximate to the work
 - Listening takes many forms:
 - » Independent board members
 - » Deeper relationships with grantee partners
 - » Increased engagement in community
 - » Participatory grantmaking
 - » Diversity, equity, and inclusion focus for staff and board
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Racial Equity Lens: Acknowledgement and Action Against Racial Injustice

The murders of George Floyd, Ahmaud Arbery, Breonna Taylor and the protests against racial injustice called national attention to deep structural inequities in our systems and prompted a moment of reflection, learning, and self-examination.

- Many donors consider issues of equity and social justice as a funding area. Today, the sector is beginning to recognize that equity is a lens applicable to all governance and grantmaking practices
- Criticisms are growing on the colonizing effects of wealth and how we can mitigate them through higher consciousness and different practices
- There is ongoing personal and institutional reflection on privilege, white supremacy, racial injustice on a level previously unseen by the field

TREND 5 **Funding Recovery and Resiliency:** Crafting a Short- and Long-term Response to Crisis

Philanthropic families has prioritized short-term, immediate needs of communities but is now grappling with the long-term viability of the sector in light of the COVID-19, racial injustice, and climate crises.

- These crises have had broad-sweeping effects on all communities that will last far into the future. However, the effects are disproportionately impacting communities of color and thus are setting a new course for giving responses that recognize unequal outcomes on particular populations
- Families are committing to ensure the viability of existing grantees, offering broader support that accounts for the shifts nonprofits have had to make to serve their communities in new ways

TREND 6 **Considering Perpetuity:** Balancing Community Needs and Foundation Goals

Perpetuity goals are being weighed against significant community needs, and much of the sector has prioritized support over future endowment outlook.

- Family philanthropy has a very important dual goal: the internal mission of family unity, and the external mission of social impact. Many philanthropic families are struggling to reconcile the urgency of the moment with a desire to build a family legacy
- The pandemic sparked a broader conversation on the 5% payout requirement and a movement to increase payout when community needs are far greater
- Funders are also reflecting on perpetuity goals of the foundation; in addition to revisiting payout, donors are considering the balance of long-term asset growth and the desire to help during prolonged times of need
- Foundations are considering their spending and investment policies with a mission-oriented lens in light of the crisis



TREND **7** Collaboration: Working with Partners to Increase Impact

Donors are partnering with peer funders and leveraging intermediaries to scale impact, respond quickly, and build a strategy with joint expertise.

- There is a renewed interest in partnerships and cross-sector collaboration
 - The pandemic catalyzed funders to reengage in collaborative efforts to move funds quickly and with greater impact, such as:
 - » Working with intermediaries who have on-the-ground knowledge of communities and existing structures
 - » Contributing to pooled/collaborative funds
 - » Outsourcing opportunities to experts on the ground
 - » Connecting with private sector, government, peer funders, grantee partners
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TREND **8** Family Engagement and Values

Families are redefining values and philanthropic practices based on the needs of community and recognition of longstanding challenges.

- This moment in time has challenged families to reconsider their motivations for giving and how their philanthropy carries forth their values and desire for social impact
- The notion of legacy is being challenged. It is moving from a reflection of past family efforts to current contributions
- The widespread impact of the pandemic and incidences of racial injustice have motivated youth and next-gen family members to be involved in their family philanthropy, sparking deeper engagement around values and strategy

Transparency

The sector is facing criticisms on wealth, privilege, and a lack of transparency, and many donors are shifting practices to encourage better communication, information sharing, and intentionality around their giving.

- Criticism continues to grow around a lack of donor transparency; donors are responding in kind by proactively sharing their strategies and commitments
- Although philanthropy is a personal act, there is a growing movement towards greater transparency that advances the concept of stewardship and the truth that philanthropic capital lives in the public domain

Advancing the Concept of Stewardship

The very concept of stewardship is being challenged as society reckons with longstanding oppression and systemic injustice. Donors are being asked to reflect on how they are managing funds earmarked for the public good.

- Expectations of a donor's behaviors, knowledge base, and strategy are progressing; philanthropy is becoming more sophisticated, timely, and fast-paced
- In this moment, givers must be transparent, trust their grantees, listen to end beneficiaries, consider equity, take larger risks, and collaborate for greater impact
- Donors must embrace their role as fiduciaries of those funds and explore the intersection of family interests and community needs
- Philanthropy is challenging where the individual ends and community begins, and how the responsibilities of stewardship fit into the equation

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