

GEO Field Survey 2014: Major Trends in Grantmakers' Attitudes and Practices

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Executive Summary

To document changes in the practice of philanthropy that support nonprofit success, every few years Grantmakers for Effective Organizations conducts a survey of foundations in the United States. This is a report on the results of the 2014 survey. As in previous years, GEO intended the survey to reach the CEOs of all staffed independent, community, and corporate foundations based in the United States that make grants to organizations. GEO used the GEO membership list and a list of staffed foundations generated by the Foundation Center to conduct the email survey. Overall, 629 of the 4,175 organizations GEO contacted directly (15 percent) responded to the survey. (An additional eight organizations participated after learning of the survey through partner organizations, bringing the total number of respondents to 637.) The overall response rates for the 2008 and 2011 surveys were 23 percent and 16 percent, respectively.

Grantmaking Success Factors

Most grantmakers (90 percent) consider it important to have an internal culture that supports continuous improvement where staff can develop relationships with grantees and recipient communities. High value was also given to having staff with the skills to assess the financial health of applicants (89 percent). Nonprofit work experience is viewed as less important (63 percent).

Most grantmakers (80 percent) report that it is important to their organization to coordinate resources and actions with other funders working on similar issues. While most respondents report that it is very important to support grantees' efforts to achieve greater impact, they also report it is important to fund projects that have a high probability of success. Just under two-thirds (62

percent) of the respondents view their funding as risk capital for unproven models or emerging organizations.

Grantmaking

In 2014, grantmakers reported making a median of 60 grants in the previous fiscal year, with a median grant amount of \$25,000. This is a slight increase over previous surveys; the median grant size in both 2008 and in 2011 was \$20,000. The median grants budget for 2014 survey participants was \$2 million.

Grantmakers were asked to report on ways in which the amount and types of funding provided changed during the previous two fiscal years. Many grantmakers reduced funding in the period prior to 2011 (51 percent) but by 2014, many were able to increase their dollars awarded (61 percent). The changes in funding availability are most evident in grantmakers' total dollars awarded and multiyear grants. Patterns of grantmaking for general operating support and for grantee capacity building increased in 2014, with respondents noting a 27 percent increase in each category. Slightly less than half of independent and corporate foundations (48 percent) reported exceeding the five percent payout requirement. There did not appear to be variation by foundation size.

The frequency with which grantmakers reported making multiyear grants was similar for 2008 and 2014 but in 2011 there was sharp decline in foundations' willingness to make multi-year awards. Grantmakers are more than twice as likely in 2014 (58 percent) compared to 2011 (29 percent) to report that they always or almost always provide multiyear support.

More than three quarters of respondents (81 percent) indicated they provided some level of general operating support. There was an increase in the median proportion of foundations' annual grantmaking budgets devoted to unrestricted grants from 20 percent in 2008 and 2011 to 25 percent in 2014. This positive trend was observed among all survey respondents, and also when focusing solely on the organizations that completed the survey this year and in the past.

Many of the respondents (77 percent) supported capacity building activities. Over three-quarters of those supporting capacity building reported that they funded grantees' governance or leadership capacity, financial capacity, and grantees' capacity to use evaluation. In 2014, grantmakers were more likely than in 2011 to fund replication of projects and the dissemination of innovations through communications, marketing and distribution. The 2014 survey indicates that funders were less likely than in 2011 to fund the costs of collaboration or managing strategic relationships among grantees during the past two years.

The majority of respondents (53 percent) reported that they are open to allowing a significant proportion of project grants to be used to cover grantees' indirect costs if it was justified. Almost two-thirds (62 percent) report that they make decisions on the amount of overhead allowed on a case by case basis. Close to one quarter of respondents (24 percent) indicated that they had written policies on support for indirect costs.

Administrative Practices

Respondents provided information about their internal tracking of key grantmaking processes. The median number of days that elapse during these administrative processes has not changed since 2011 (96 days). The median time between submitting a proposal and getting the first check is roughly three months, which is consistent with the

2011 median and reflects a nearly one month decrease from 2008.

Staff and Board

In 2014, survey respondents had a median of three paid professional and support staff, of whom a median of two had experience working for a nonprofit. These numbers are consistent with the 2011 and 2008 survey results.

The median number of individuals who sit on the Board of Directors for grantmakers' organizations in 2014 is eight. Representation of grantees, recipient communities, and nonprofit organizations on foundation boards has also been consistent over the three iterations of the field survey. In 2011, there was a slight decline in the proportion of grantmakers who reported that their board has at least one grantee representative, and there was a small decline in 2014 in the proportion of grantmakers who indicated that at least one representative from recipient communities sits on their foundation boards.

Engagement

The 2011 and 2014 field surveys asked about grantmakers' willingness to engage in dialogue with nonprofits. Grantmakers are most willing to discuss funding around activities that are concrete or can have a more immediate impact, such as program expansion (85 percent), rather than less tangible or long-term needs such as developing reserves or paying off loans. There was a slight increase in a willingness to engage with nonprofits about expanding programs, and a notable decrease in the proportion who are willing to discuss working capital and cash flow needs. The proportion of grantmakers who reported that they are not willing to engage in open dialogue with nonprofits on any of these topics fell from eleven percent in 2011 to four percent in 2014.

There has been a consistent upward trend from 36 percent in 2008 to 53 percent in 2014 in the proportion of funders that reported that their organization solicited either anonymous or non-anonymous feedback from grantees. There was growth in the proportion of respondents that report that they sometimes, often, or always engaged external voices in decision-making and strategy development. Respondents were most likely to seek external perspectives on foundation strategy, followed by advice on policies, practices, or program areas from a grantee advisory committee. The proportion of respondents that reported they assessed the needs of the communities or fields served increased to 65 percent in 2014 from 58 percent in 2011.

Learning and Evaluation

Three quarters of grantmakers who participated in the 2014 GEO survey (76 percent) reported that their organization evaluates the work it funds, an increase over the 70 percent reported in 2011 survey. In the 2014 survey, foundation board members were less likely than staff to use data and research to inform decision-making. Grantmakers were least likely to report that their staff engaged grantees or recipient communities in analyzing data or interpreting research findings (67 percent), although around two thirds of survey respondents indicated that they do involve stakeholders in analysis.

Foundation CEOs

The 2014 survey asked about the professional experience of foundation CEOs. The majority of respondents (54 percent) have held staff positions with grantmaking organizations for more than eleven years. A smaller proportion held positions in business (36 percent) or nonprofits (32 percent) for as long. Importantly, almost three-quarters (73 percent) indicated they have ever worked at a nonprofit (excluding foundations, colleges or universities, and government). Half of them (51

percent) held positions with nonprofits for at least six years.

Over three quarters of respondents indicated that their immediate past position prior to becoming CEO was outside of grantmaking, which is consistent with the findings of the Center for Effective Philanthropy's research on this question. Data from GEO's 2014 survey suggests that once they become foundation CEO, the majority tend to stay for more than a decade.

The survey asked about the frequency with which a variety of groups participated as guests at board meetings. The majority of respondents indicated that meeting participants can include organizational staff aside from the CEO (69 percent), or outside experts (59 percent). However, staff from grantee organizations and representatives from recipient communities are infrequent guests at meetings for most respondents.

GEO hypothesized that foundation CEOs who have held staff positions in nonprofits will be more likely to lead their organizations to engage in practices that are supportive of nonprofit success. The data shows a relationship between CEO nonprofit work experience and supportive grantmaking, particularly in the areas of capacity building and stakeholder engagement.

"Groundedness"

GEO identified 17 questions from the 2014 GEO Field Survey that could help determine the extent to which grantmakers "keep an ear to the ground" through practices that include engagement, evaluation, and learning. Harder+Company used grantmaker responses to these questions to calculate a score for the level of organizational "groundedness" and then conducted exploratory analyses. The most grounded foundations tended to be larger organizations, community foundations, and GEO members. More than three-

quarters of those with assets over \$400 million had high groundedness scores, compared to 40 percent of those with assets of \$10 million or less. Over half (58 percent) of community foundations were highly grounded, compared to 49 percent of independent (non-family) foundations, 29 percent of family foundations, and 23 percent of corporate foundations. Seventy-three percent of other grantmaker types had high scores. Close to two-thirds of GEO members (62 percent) had high scores, compared to 40 percent of non-members.

Organizations led by CEOs with nonprofit work experience (excluding foundations) were more grounded than those led by CEOs without this experience. Eighty-seven percent of respondents in the high groundedness category were led by CEOs with nonprofit work experience compared to 54 percent of respondents in the lower category.

There is a link between groundedness and support for grantee capacity building (including leadership development). Forty-five percent of respondents with high scores supported capacity building often, almost always, or always, compared to 23 percent of those with moderate scores and 8 percent of those with low groundedness scores.

The analyses also found a statistically significant relationship between groundedness and the frequency of multiyear grantmaking with forty two percent of those with high groundedness scores report often, almost always, or always making multiyear grants, compared to 34 percent of those with moderate scores and 17 percent of those with low scores. These results indicate that grantmakers whose attitudes show a greater concern with engagement and empathy are more likely to work in ways that are consistent with those beliefs.

Introduction

GEO is a diverse community of 500 grantmakers working to reshape the way philanthropy operates. GEO is committed to advancing smarter grantmaking practices that enable nonprofits to grow stronger and achieve better results.

The GEO community provides grantmakers with the resources and connections to build knowledge and improve practice in areas that are most critical to nonprofit success. GEO help grantmakers strengthen relationships with grantees, support nonprofit resilience, use learning for improvement and collaborate for greater impact.

Since 2003, GEO has conducted periodic surveys of all staffed grantmaking foundations based in the United States, with a focus on understanding grantmakers' practices that support nonprofit success. The study is among the few sources of data on the ways foundations strive for greater effectiveness. With support from Harder+Company Community Research, GEO has now completed the fourth of these surveys to explore changes in grantmaker practices. The study profiles the practices of grantmakers of different types and sizes across the United States, identifies trends over time, and disseminates best practices for maximizing philanthropic effectiveness. Collectively the studies have documented progress over the past decade among foundations toward many of the practices that GEO promotes, albeit at a much slower pace than GEO would like.

About the Study

As in previous years, GEO intended the survey to reach the CEOs of all staffed independent, community, and corporate foundations based in the United States that make grants to organizations. To identify this population GEO again relied on a comprehensive list of staffed foundations the Foundation Center prepared for this purpose. Excluded from the Foundation Center list are staffed foundations that solely make grants to individuals (e.g., scholarships, fellowships, postdoctoral support) as the survey questions would not be applicable to them. GEO grantmaker members based in the U.S. that did not appear on the Foundation Center list were later added to the survey mailing list (this includes grantmaker types other than independent, community, and corporate foundations such as governmentally-linked foundations) which was consistent with the prior surveys.

Methods

In 2008 and 2011 GEO distributed the survey via mail and email (to those with email addresses available) concurrently. In 2014 GEO sent the survey in two phases, first by email to those with email addresses available, and several weeks later via a mailed paper copy of the survey to those without email addresses and to all non-respondents. (The paper copy also included a link to the online version.)

Beginning in late February 2014, GEO sent one initial email invitation followed by three email reminders to those with email addresses available. In late March GEO sent an advance letter about the survey by mail to those without email addresses available. Shortly after this GEO mailed a paper copy of the survey instrument accompanied by a letter to all those without email addresses available and all of the email non-respondents. GEO then mailed three reminder postcards to those without email addresses and any non-respondents with generic (non-personal) email addresses.

In 2014 for the first time GEO also made a unique link to the online version of the survey available to a small number of partner organizations and asked that they share it with their constituents. The online version of the survey accessed through this unique link included screening questions to ensure the prospective respondents met the criteria for participating in the survey. The Foundation Center list is comprehensive but it was possible that some additional staffed foundations (not on the list) would learn of the survey through the unique link. Representatives of 32 organizations responded to the online version of the survey using the link distributed by GEO partner organizations. Twenty-four of these 32 organizations (75 percent) appeared on the original Foundation Center list or in the GEO database and should have also received a direct contact from GEO about the survey. The remaining eight respondents likely learned of the survey solely through the partner link. Two of the eight respondent organizations are “other” types of grantmakers (e.g., a women’s fund) and the rest are independent, community, or corporate foundations in existence for at least seven years.

Response Rate

Six hundred and thirty-seven grantmakers participated in the 2014 survey. GEO contacted 4,432 organizations directly to ask for their participation. Mail to 236 of the organizations was returned to GEO as undeliverable. During the survey distribution phases GEO learned that at least fourteen organizations did not meet the criteria for the survey, and a minimum of seven foundations had closed. Overall, 629 out of the eligible 4,175 organizations (15 percent) GEO contacted directly via email or mail responded to the 2014 survey. (As discussed in the preceding paragraph, an additional eight organizations participated after learning of the survey through partner organizations, which brought the total number of respondents to 637.) The overall response rates for the 2008 and 2011 surveys were 23 percent and 16 percent, respectively.

As in previous years the response rate varied by foundation type and size. The response rate among community foundations was 22 percent; 14 percent among independent foundations; and 9 percent among corporate foundations. While smaller foundations made up a much higher proportion of the respondents (see following table), the response rate was higher among larger foundations. Twenty-five percent of foundations with assets over \$400 million responded, as compared to eight percent of those with assets under \$10 million. Among GEO members, the response rate was 48 percent.

Three hundred and fifty eight of the organizations that responded in 2014 had also participated in 2008 and/or 2011. One hundred and thirty six responded all three survey years, 130 responded in 2011 and 2014, and 92 responded in 2008 and 2014. In addition, there are 162 organizations that responded in 2008 and 2011 but not 2014.

Respondent Characteristics

Independent foundations, which include family foundations, comprise the majority of the GEO field survey participants for all three iterations.¹ The proportion of survey respondents from different types of foundations did not change substantially between 2008, 2011, and 2014.

¹ Grantmakers in the “other” category include operating foundations that provide some grant support, governmentally-linked foundations, donor-advised funds, United Ways or other workplace giving, women’s funds, and health care conversion foundations set up as public foundations.

The participation of organizations of different staff sizes has been consistent from 2008 to 2014, although the proportion of respondents with staff size of 1.49 or less was slightly higher in 2008. As in prior years, a greater proportion of large foundations and GEO members were likely to participate than is reflected in the survey population.

Exhibit 1: Characteristics of the 2014 Survey Population and Respondents

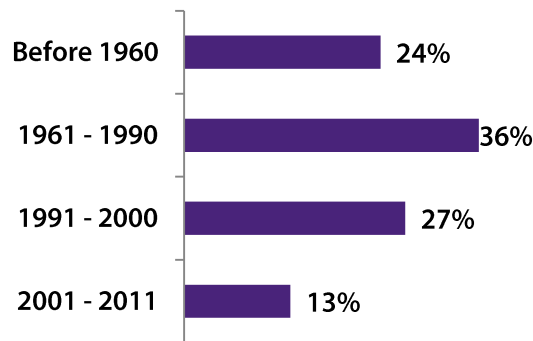
	2014 survey population N=4,175	2014 survey respondents N=637	2011 survey respondents N=755	2008 survey respondents N=820
Foundation Type				
Independent	76%	69%	62%	69%
Community	14%	19%	23%	23%
Corporate	8%	5%	5%	5%
Other	2%	8%	10%	3%
Foundation Assets				
\$10 million or less	44%	21%	27%	27%
\$10 to \$50 million	32%	36%	33%	36%
\$50 to \$100 million	10%	17%	16%	13%
\$100 to \$400 million	10%	18%	16%	15%
Over \$400 million	4%	8%	8%	9%
Number of Staff*				
1.49 or fewer		24%	23%	31%
1.5 to 3.49		30%	28%	28%
3.5 to 7.99		22%	24%	21%
8 or more		24%	25%	21%
GEO Membership Status				
Non-member	92%	77%	80%	83%
Member	8%	23%	20%	17%

*Note: figures on the number of staff for the entire 2014 survey population were not directly comparable due to differences in the questions the Foundation Center and GEO used to collect staff size. Thirty-eight percent of foundations in the survey population employed one individual, 35 percent employed two to three individuals, 18 percent employed four to seven individuals, and nine percent employed eight or more individuals. A minimum of 375 of the 4,175 share staff with another foundation.

Just under one quarter of survey participants (23 percent) are GEO members. The proportion of survey respondents that are active GEO members has been increasing over time along with the growth in GEO membership.

Fifty-nine percent of the organizations that responded to the survey were founded prior to 1990, and 41 percent were established since 1990.

Exhibit 2: Year Established – 2014 Respondents



GEO designed the survey to be completed by foundation presidents, executive directors, or CEOs. Seventy-four percent of the 2014 respondents indicated they held these positions, although in some cases the executives forwarded the survey to other staff members for completion. Nine percent of the 2014 participants are trustees or board members, while the remainder included positions such as Associate Director, Directors of Operation and Finance, and Director of Research and Evaluation. These figures are consistent with previous versions of the survey; 70 percent of 2008 respondents and 73 percent of 2011 respondents indicated they were CEOs, presidents, or executive directors.

Limitations

This study has some important limitations that should be considered when reviewing and interpreting the results. The following limitations preclude making definitive statements or conclusions about the entire population of staffed independent, community, and corporate grantmaking foundations in the U.S. and any changes that may have occurred over time.

First, the survey builds upon previous GEO studies and so some of the survey questions have remained unchanged to assess change over time. However, a few questions have minor modifications which may have affected responses (this is noted throughout the report when it has occurred). Also, some questions that appeared in previous iterations have been excluded, new questions have been introduced, and the sequencing of the questions has changed, all of which can influence response patterns.

Second, findings may have been affected by non-response bias. Respondents who chose to take part may differ in important ways from those who chose not to participate. Respondents may have been more motivated to participate in the study because of their interest in the topics it addressed. Indeed, the response was highest among those we have learned are most inclined to engage in many of the practices specified in the survey: larger foundations, community foundations, and GEO members. The response was lowest among corporate foundations and the smallest foundations, which our analyses showed were less likely to engage in many of the practices described.

Finally, because surveys such as this one rely on data that is self-reported another potential limitation is the potential for respondents to provide inaccurate information, overstate their organizations' engagement in practices they deem as being desirable, or understate actions they view as being undesirable. The organizational

leaders who are the targets of this survey are likely to be knowledgeable about organizational practices and GEO tried to minimize the latter bias by assuring potential participants that their responses would be confidential.

Note about Reporting of Data

In the report narrative we often present a summary of results in which response categories are combined to simplify and improve communicability of the results (This is always noted where applicable). Also, note that the percentages displayed in the narrative are derived by excluding missing data (due to respondents not answering specific items) and ‘not applicable’ responses – if they were minimal and did not have material importance. However, if the quantity of ‘not applicable’ responses reached a level that, in our view, affected the findings or revealed something important about foundation practice we included them in the analysis. Full data tables are provided in the Appendix so that readers may draw their own conclusions about the data. Finally, please note that percentages in the tables and charts may not total 100 percent due to rounding.

Note about Statistical Significance

A p value is indicated in many tables presented in this report. A p value less than or equal to .05 indicates that there is a less than five percent chance that we would see a difference this great between groups if it did not reflect a real difference. In other words, 95 percent of the time that we found a difference between groups that is this great, the finding would be a reflection of reality rather than random chance. When a p value is less than or equal to .05, the finding is referred to as “statistically significant.” A p value greater than .05 indicates a greater likelihood that the finding represents random variability and not true differences.

Grantmaking Practices Overall

Overall, the field of grantmaking continues to professionalize and staffed foundations in the U.S. are gradually adopting many of the practices that GEO and its partners have been promoting over the past decade. This includes what GEO considers to be the core elements of smarter grantmaking such as flexible, long-term support and capacity building; an emphasis on working together to solve problems rather than in isolation; building strong relationships based on trust; tapping into the perspectives of those impacted by a problem; and learning for performance improvement.

The first section of this report is primarily focused on the aggregate findings. It presents the 2014 survey results among all respondents on a variety of key attitudes and practices and makes comparisons to the results from the 2008 and 2011 surveys when possible. The areas covered include foundation ideas about the importance of organizational culture and funding practices to grantmaker success, changes in funding levels and types, policies about support for indirect costs, turnaround time for grant applicants, organizational learning and evaluation, and stakeholder engagement practices.

Ideas about Grantmaker Success

The 2014 survey included new questions related to staff and internal culture, as well as funding practices, that impact grantmaker success. Respondents were asked to rate the importance of each for a foundation like theirs to achieve success.

Staff and Internal Culture

The 2014 survey listed ways that staff and internal culture may contribute to grantmaker success. Respondents were asked to rate how important the practices are to the success of their organization. Overall, the majority of respondents rated all activities as “moderately important” or “very important” to their success. Answers to these questions suggest that most grantmakers consider it very important to have an internal culture that supports continuous improvement and in which staff have ongoing opportunities to build and develop relationships with grantees and recipient communities. High importance was also placed on having staff with the skills necessary to understand the financial health of applicant and grantee organizations and to ensure that staff recognize the power imbalance between grantmakers and grantees. Less importance was placed on having staff with experience working at nonprofits similar to those being funded.

Exhibit 3: Internal Factors Related to Grantmakers' Success²

Activities Related to Staff and Internal Culture	Moderately Important	Very Important	Total Proportion of all respondents who answered "Moderately" or "Very Important"
Have staff that build relationships with grantees so that grantees can be open with us about their challenges. (n=630)	13%	79%	92%
Have an internal culture that supports learning and continuous improvement. (n=633)	13%	77%	90%
Provide opportunities for staff members to spend time outside of our office with representatives of recipient communities or grantees. (n=630)	16%	73%	89%
Have staff with the skills necessary to get an understanding of the financial health of applicant and grantee organizations. (n=629)	23%	66%	89%
Ensure that our staff members remain conscious of the power imbalance between grantmakers and grantees. (n=626)	19%	65%	84%
Have staff with experience working at nonprofits like those that we fund. (n=630)	35%	28%	63%

Funding Practices

2014 survey participants were also asked about how key funding practices contribute to the success of their organizations. Most grantmakers report that it is very important to their organization to coordinate resources and actions with other funders working on similar issues. The pattern of responses to some questions indicates that grantmakers remain somewhat risk-averse. While most respondents report that it is very important for the success of their organization to support grantees' efforts to achieve greater impact, grantmakers report it is important to fund projects that have a high probability of success and not as important to provide risk capital (such as funding unproven approaches or emerging organizations). Taken together, these answers suggest that while grantmakers seek to support their grantees' impact, they prefer to do so with tested, rather than innovative or unproven, approaches and organizations. Results varied by foundation type and size:

- Independent and corporate foundations were more likely to report providing risk capital as important than community foundations.
- Larger foundations were more likely to report providing risk capital as important than smaller foundations.

² Collected in 2014 field survey only so comparisons to previous years cannot be made; total N's include those who answered N/A. For full results, see Table 1 in the Appendices.

Exhibit 4: Importance of Funding Practices to Grantmakers' Success³

Funding Practices	Moderately Important	Very Important	Proportion of all respondents who answered "moderately" or "very important"
Provide support that will strengthen grantee organizations so they can achieve greater impact. (n=631)	19%	74%	93%
Fund projects that have a high probability of success. (n=628)	46%	42%	88%
Coordinate our resources and actions with other funders that are working on the same issue(s). (n=626)	35%	45%	80%
Provide risk capital (e.g., fund unproven approaches or emerging organizations). (n=627)	40%	22%	62%

Funding Levels and Types

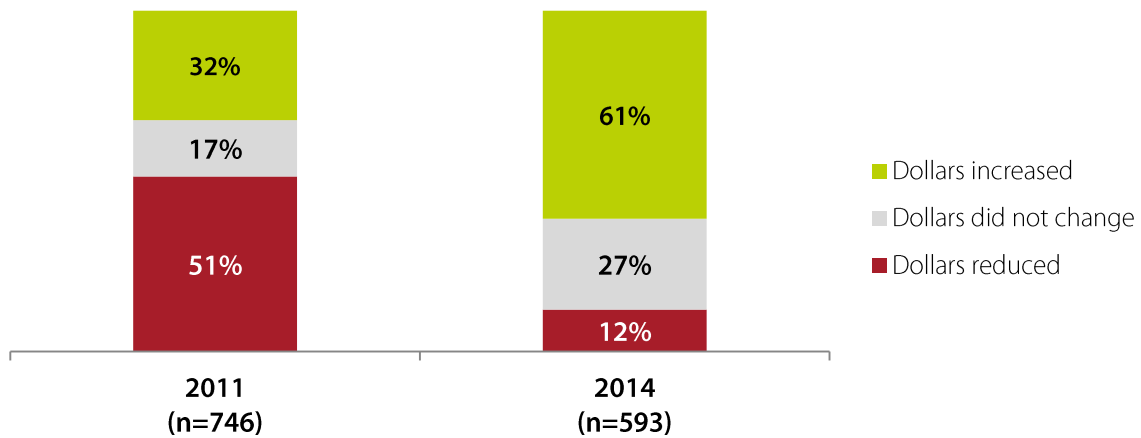
An important part of understanding grantmakers' changing priorities and approaches is to look at the frequency of different kinds of support. The GEO surveys from 2008, 2011, and 2014 provide a way to examine grantmaking trends in multiyear support, general operating support, capacity building support, and support for collaboration and indirect costs.

In 2014, grantmakers reported providing a median of 60 grants to recipient organizations in the previous fiscal year, and the median size of the grant was \$25,000. This amount represents a slight increase over previous surveys; the median grant size in both 2008 and in 2011 was \$20,000. This slight rise, though not statistically significant, may be connected to the growth in foundation assets nationally or due to greater participation of mid-size foundations in the survey in 2014. The median grantmaking budget for 2014 survey participants was \$2 million.

Grantmakers who participated in the 2011 and in 2014 surveys were asked to report on ways in which the amount and types of funding they offered had changed during the previous two fiscal years. Comparing the answers from 2011 and 2014 shows that many grantmakers reduced funding in years prior to 2011 but that by 2014 many were able to increase their dollars awarded. The changes in funding availability are most evident in grantmakers' total dollars awarded and multiyear grants; patterns of grantmaking for general operating support and for grantee capacity building did not change profoundly between 2011 and 2014.

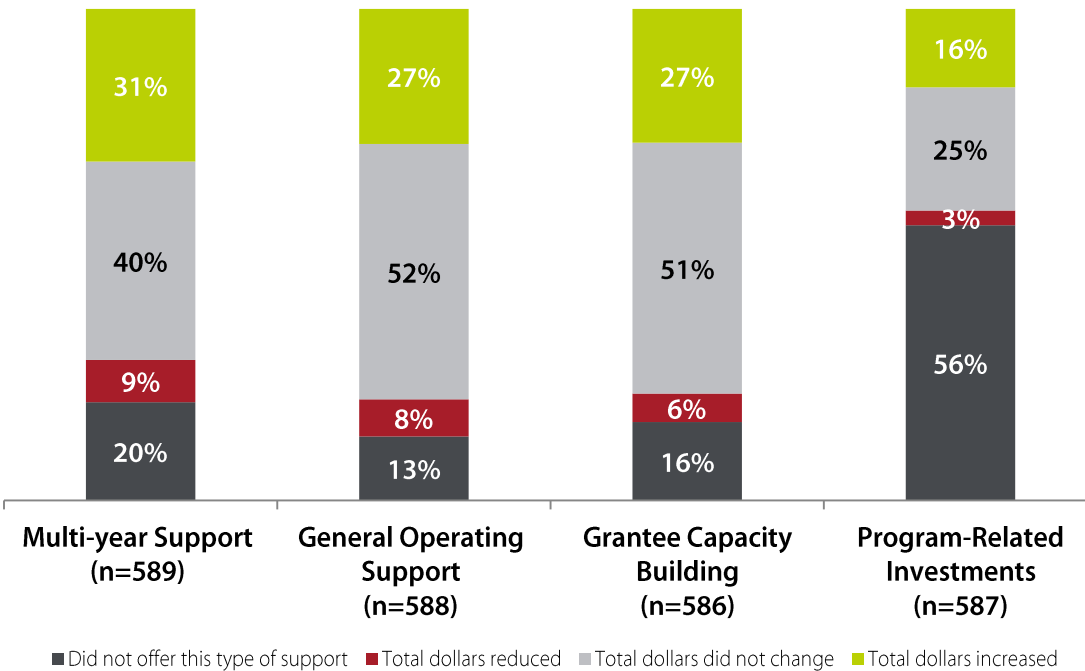
³ Collected in 2014 field survey only so comparisons to previous years cannot be made; total N's include those who answered N/A.

Exhibit 5: Changes in Total Dollars Awarded During Previous Two Fiscal Years***



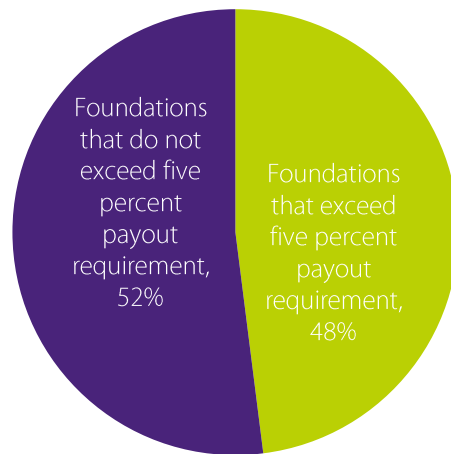
***p<.001

Exhibit 6: 2014 Changes in Dollars for Specific Types of Funding During Previous Two Fiscal Years



Slightly less than half of independent and corporate foundations (48 percent) reported exceeding the five percent payout requirement. There did not appear to be variation by foundation size.

Exhibit 7: 2014 Independent and Corporate Foundations that Exceed Five Percent Payout Requirements (n=415)

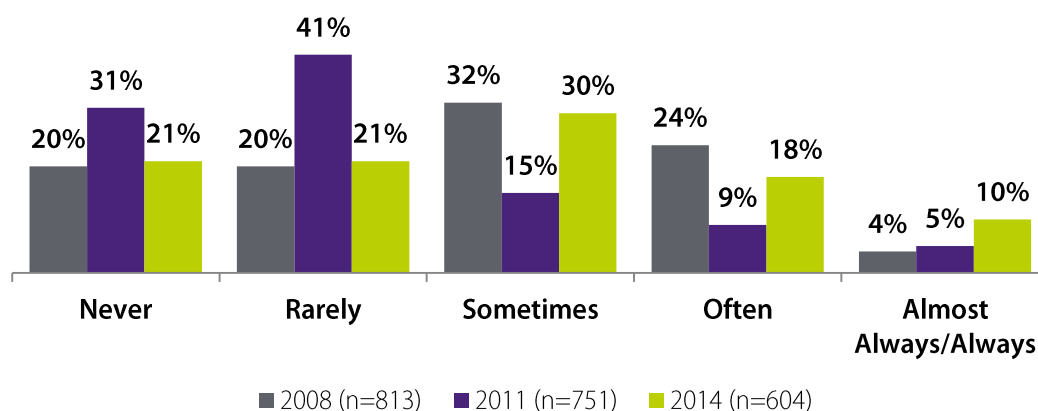


- The median payout for organizations that typically exceed the five percent payout requirement is six percent. The mode is also six percent (n=186).

Changes in Multiyear Support

The frequency with which grantmakers reported making multiyear grants in 2008 and 2014 are largely consistent, but the 2011 patterns reveal a dramatic decrease in foundations' willingness to commit to multi-year awards. This abrupt change likely reflects the economic upheaval of the great recession. It is noteworthy, however, that grantmakers are twice as likely in 2014 (58 percent) compared to 2011 (29 percent) to report that they always or almost always provide multiyear support.

Exhibit 8: Multiyear Support – 2008 to 2014***



***p<.001

General Operating Support

More than three quarters of respondents (81 percent) indicated they provided at least some level of general operating support. There was an increase in the median proportion of foundations' annual grantmaking budgets devoted to unrestricted grants from 20 percent in 2008 and 2011 to 25 percent in 2014.⁴ This finding is consistent with National Committee for Responsive Philanthropy's 2013 analysis of Foundation Center grants data which found that the share of grant dollars devoted to general support in 2011 had increased to 24 percent.⁵

**Exhibit 9: Median Percent of Annual Grantmaking Budgets
Devoted to General Operating Support:**



- Looking only at the organizations that completed the survey more than one year (“the panel”) there is a positive trend as well. Within the panel the median was also 20 percent in 2008 and 2011 and it rose to 25 percent in 2014. This indicates that the increase in general operating support is the result of actual changes in behavior within organizations. Using the panel implicitly controls for organizational type, location, and a variety of other attributes that are unobservable.
- When looking at the entire sample the increase in the median was driven by GEO members. The median proportion devoted to general operating support by GEO members rose from 20 percent in 2008, to 25 percent in 2011 and 30 percent in 2014. The median proportion non-members devoted to operating support remained at 20 percent for 2008, 2011, and 2014. However, within the panel the proportion devoted to operating support increases among both members and non-members from 2008 to 2014.
- Foundations with more than \$400 million in assets reported a steady increase in the proportion of their grantmaking budget that is devoted to general operating support, rising from a median of 24 percent in 2008 to 31 percent in 2014.
- Community and independent foundation respondents were more likely than corporate foundations to report increases in the proportion of their annual budgets directed to general operating support. Notably, community foundation respondents reported that the proportion of their discretionary grantmaking budgets dedicated to general operating support rose from a median of 10 percent in 2008, to 15 percent in 2011 and now 20 percent in 2014. Among independent foundation respondents the proportion increased from 25 percent in 2008 and 2011 to 28 percent in 2014.

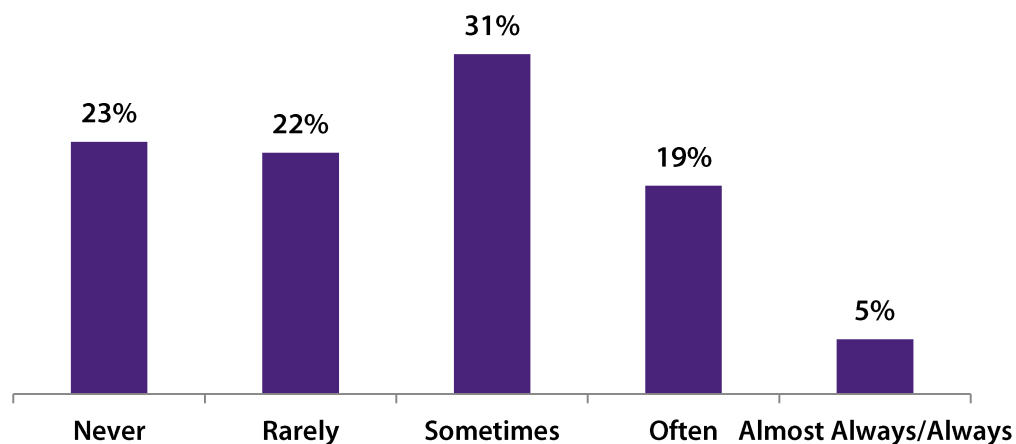
⁴ The increase in median was found to be statistically significant ($p < .05$) using a median regression, which is a form of quantile regression using the 50th percentile. Median regression has several advantages: 1) it is robust to outliers 2) it uses the entire sample all at once (i.e., comparing all three survey years at once, which gives us a higher 'n') rather than doing tests of subsamples (i.e., comparing two survey years at a time), and 3) it enables us to control for other variables.

⁵ Jagpal, N., & Laskowskil, K. (May 2013). The State of General Operating Support 2011. *National Committee for Responsive Philanthropy: The Philanthropic Landscape*. Retrieved from: <http://www.ncrp.org/files/publications/PhilanthropicLandscape-StateofGeneralOperatingSupport2011.pdf>.

Capacity-Building Support

In 2014 GEO asked respondents to indicate how often their organizations had supported the capacity building (including leadership development) activities of their grantees during the past two fiscal years. More than half supported capacity building activities sometimes, often, or almost always/always (55 percent), with the remainder indicating that they rarely (22 percent) or never do so (23 percent).

**Exhibit 10: 2014 Support for Grantee Capacity Building Activities
(including Leadership Development; n=595)**



In 2014 respondents who indicated that their organization supported grantees' capacity building sometimes, often, or almost always/always were asked how often they funded three types of capacity building. Over three-quarters of those supporting capacity building reported that they funded grantees' governance or leadership capacity, financial capacity, and grantees' capacity to use evaluation for learning and improvement.

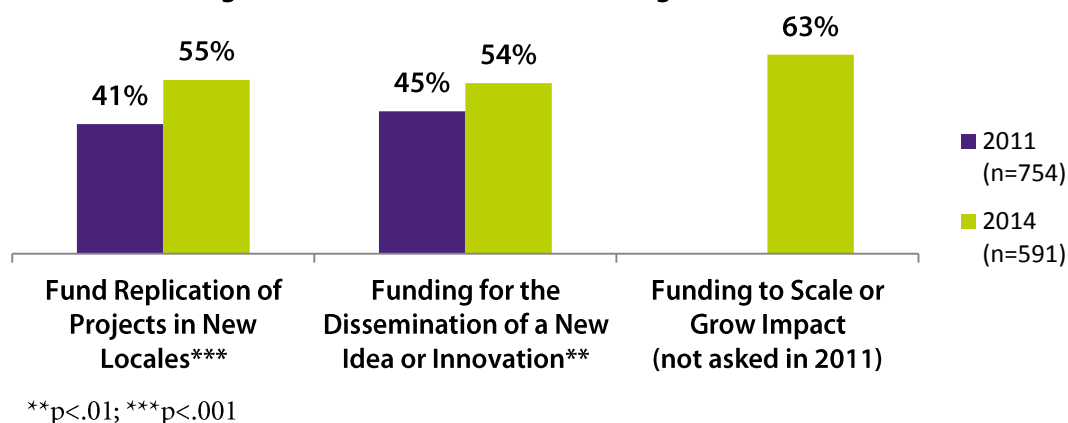
Exhibit 11: 2014 Support for Specific Capacity Building Activities

Among those that supported capacity building activities, the percentage that sometimes, often, or always funded the following:	Percent
Governance or leadership capacity (n=351).	91%
Financial capacity (n=348).	81%
Capacity to use evaluation for learning and improvement (n=357).	77%

Support for Growth and Innovation

Compared to findings from 2011, grantmakers reported more frequent funding of the replication of projects in new locales and the dissemination of new ideas or innovations through communications, marketing, and distribution.

Exhibit 12: Funding for Growth and Innovation during the Previous Two Fiscal Years***

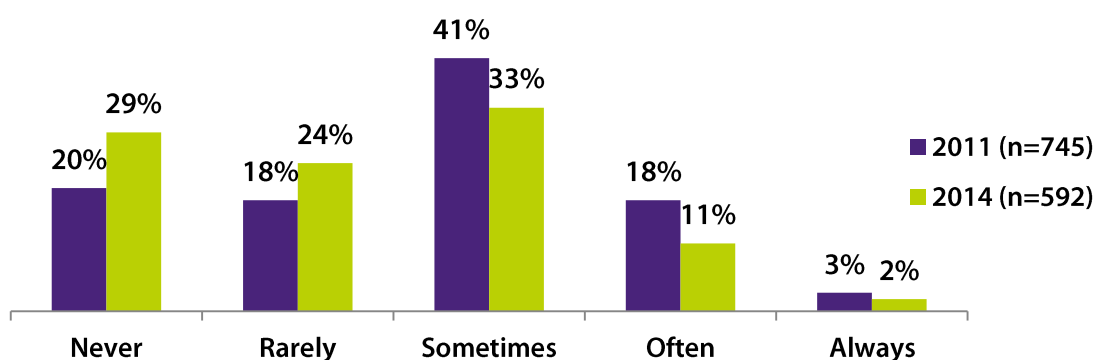


In 2014, survey participants were also asked about their funding of nonprofit efforts to scale or grow impact during the previous two years, including supporting policy change, funding dissemination of a technology or skills, or other means. This category of grantmaking was the most common; 63 percent of respondents reported that they sometimes, often, or always support such efforts.

Support for Collaboration

The field of philanthropy has a long history of emphasis on grantee collaboration. However, such collaboration entails investment in terms of logistics and staff hours; the 2011 and 2014 GEO surveys have sought to determine the extent to which grantmakers are cognizant of such costs for nonprofits and the frequency with which such costs are funded through grants. Responses to these questions on the 2014 survey suggest that funders were less likely than in 2011 to fund the costs of collaboration or managing strategic relationships among grantees during the past two years.

Exhibit 13: Support for Collaboration***

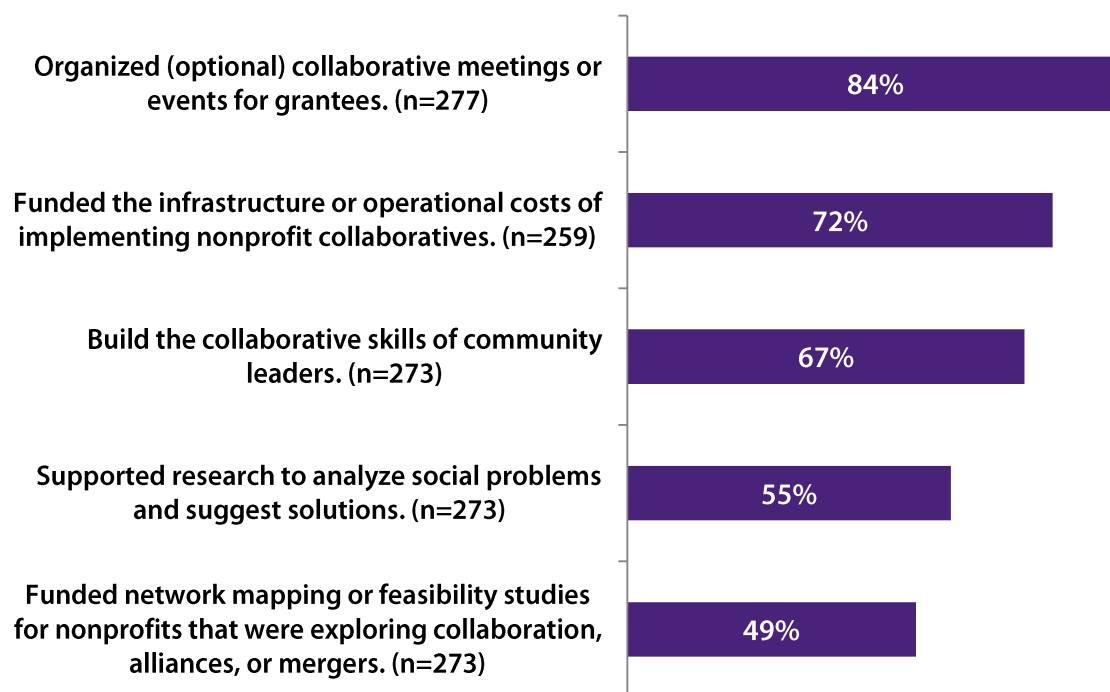


Note in 2014 the word “partnerships” was changed to “strategic relationships,” the response option “always” was changed to “almost always/always,” and unlike 2011, it was asked as a standalone question.

The decline in support for grantee collaboration is surprising. It is unclear how much of a role minor wording changes to the question may have played. Another factor that may have played a role could be the improving economic conditions; the 2011 survey covered the aftermath of the economic crisis. While collaboration can be beneficial in both good financial times and bad, foundations may have placed more emphasis on it during the period leading up to the 2011 survey as a way to weather tough economic times.

Respondents that did fund the costs of collaboration provided additional information about the support they provided. This information was collected for the first time in 2014 so no comparison is available with grantmakers who participated in the 2011 survey. The most common way that grantmakers supported the costs of grantee collaboration was through organizing collaborative meetings or events, followed by covering the infrastructure or operational costs of collaboration (e.g., grants to support ‘backbone’ organizations that coordinate collaborative initiatives). Respondents were least likely to support network mapping or feasibility studies.

Exhibit 14: 2014 Grantmakers who Sometimes, Often, or Always Provide Funding for Specific Collaboration Activities



Indirect Costs

For the many individuals concerned about “the nonprofit starvation cycle”⁶ it may be encouraging to see that a majority of respondents (53 percent) reported that their organizations were open to allowing a significant proportion of project grants to be used to cover grantees’ indirect costs if it was justified, and that they make decisions on the amount on a case by case basis (62 percent). Close to one quarter of respondents (24 percent) indicated that their organization had written policies regarding their support for indirect costs. GEO believes that

⁶ Goggins Gregory, A. & Howard, D. (2009). The Nonprofit Starvation Cycle. *Stanford Social Innovation Review*, Fall 2009. Retrieved from: http://www.ssireview.org/articles/entry/the_nonprofit_starvation_cycle/.

having a policy on indirect costs, particularly a strict one that sets restrictive limits, is not necessarily good practice. Having no written policy may mean the grantmaker is open to a conversation about indirect costs. It is important for foundations to be transparent about their willingness to support indirect costs. It is likely that more grantees would be willing to request what they truly need to implement projects if they felt that it would not put them at a disadvantage relative to other grant applicants.

Exhibit 15: 2014 Foundation Policies Regarding Indirect Costs

	Yes	No	Not Applicable
Decisions about the amount of indirect costs funded were determined on a case by case basis. (n=588)	62%	18%	20%
Our organization was open to allowing a significant proportion of project grants be used to cover grantees' indirect costs if it was justified. (n=582)	53%	29%	18%
Our organization had a written policy regarding its support for indirect costs. (n=592)	24%	59%	17%
Our organization set a limit (or cap) on the amount of project grants that could be used to cover grantees' indirect costs. (n=576)	19%	59%	22%

Administrative Processes

Administrative processing times can vary significantly across organizations. To understand the administrative practices of grantmaking organizations, survey participants were asked to provide information about their internal tracking of such processes and the average number of days it takes them to accomplish key administrative tasks. While the median number of days that elapse during these administrative processes has not changed since 2011, the proportion of grantmakers who track them has decreased slightly since 2011. These changes are particularly evident in the declining proportion of foundations that track the time it takes to acknowledge receipt of funding requests and to make the initial payment after a typical grant award is approved.

These estimates also make it possible to calculate the median time elapsed between when a grantmaking organization acknowledges receipt of a proposal and when the first payment is made. The median time between submitting a proposal and getting the first check is roughly three months, which is consistent with the 2011 median and reflects nearly a one month decrease from 2008.

Exhibit 16: Administrative Processes and Time Required

Administrative Processes ⁷	Respondents that track the time to accomplish process			Median number of days to accomplish		
	2008	2011	2014	2008	2011	2014
Acknowledge receipt of funding requests**	(n=638) 49%	(n=639) 54%	(n=514) 44%	(n=673) 7	(n=676) 5	(n=522) 5
Approve a typical grant (from submission of a full proposal to notification of funding decisions)***	(n=683) 59%	(n=671) 61%	(n=535) 48%	(n=768) 60	(n=724) 60	(n=547) 60
Make the initial payment after a typical grant award was approved**	(n=683) 58%	(n=676) 60%	(n=537) 49%	(n=702) 21	(n=720) 15	(n=556) 15
Estimate of total time elapsed between submitting proposal and receiving a check ⁸				(n=519) 120	(n=663) 96	(n=503) 96

p<.01, *p<.001

Stakeholder Engagement Practices

Engagement is the extent to which grantmakers' work reflects the direct or indirect participation of the communities they serve, generally grantees or the populations who benefit from the grant-funded work. This participation can occur through multiple channels, including who works in foundations, how decisions are made, the formation of collaborative arrangements, and research activities that reflect the voices of the broader community or colleague organizations. GEO has long been interested in how grantmaker practice related to stakeholder engagement is changing and this section compares the shift in activities between 2011 and 2014.

Foundation Staff and Board Make-Up

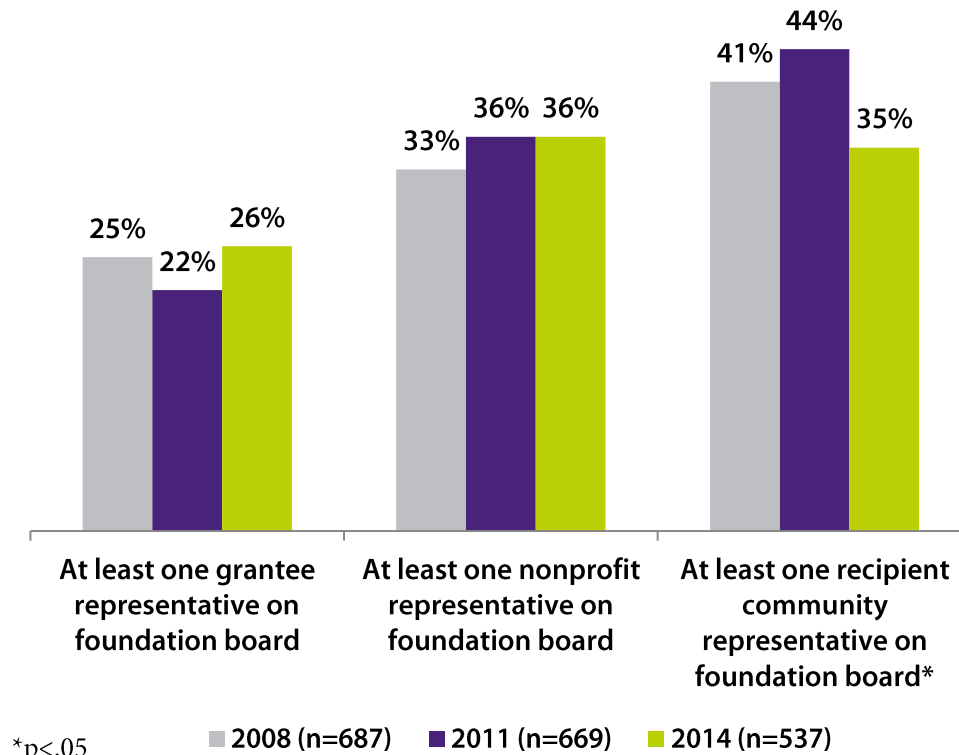
Grantmakers that participated in the 2014 field survey had a median of three paid professional and support staff, of whom a median of two have experience working for a nonprofit. These numbers are consistent with the 2011 and 2008 survey results.

The median number of individuals who sit on the Board of Directors for grantmakers' organizations in 2014 is eight. Representation of grantees, and recipient communities on foundation boards has also been roughly consistent over the three iterations of the field survey. In 2011, there was a slight decline in the proportion of grantmakers who reported that their board has at least one grantee representative. In 2014, however, there was a close to ten percent decline (statistically significant at the p<.05 level) in the proportion of grantmakers who indicated that at least one representative from recipient communities sits on their foundation boards.

⁷ Respondents who answered "not applicable" were excluded from this analysis.

⁸ The estimated median total time elapsed between submitting a proposal and receiving a check was calculated by adding the number of days reported by each respondent for the three phases of grantmaking and calculating the median value of that total. This calculation is not a sum of the median time of each phase; therefore, the number of days reported in each row does not add up to the total time elapsed.

Exhibit 17: Stakeholder Representation on Foundation Boards



Grantmakers who do report stakeholder representation on foundation boards tend to have a median of between two and three of each stakeholder group represented; this finding is consistent across survey iterations.

Willingness to Engage in Dialogue with Nonprofits

A key measure of grantmakers' approach to stakeholder engagement is their openness to engage in dialogue with nonprofits about key funding issues. Foundation respondents indicated a greater willingness to discuss funding around activities that are concrete or can have a more immediate impact, including program expansion or facilities, rather than less tangible or long-term needs such as developing reserves or paying off loans.

Exhibit 18: 2014 Grantmakers' Willingness to Engage in Open Dialogue with Nonprofits about Key Funding Issues (n=608)

	2014 Survey Respondents
Expanding programs	85%
General operating support	70%
Multi-year funding	65%
Acquiring or renovating a facility	51%
Flexible capital for organizational change/growth	47%
Working capital (cash flow needs)	40%
Developing reserves for operating needs (money for a rainy day)	29%
Developing reserves for long-term facility or fixed asset needs	22%
Paying off loans	12%
Reserves for other purposes	3%
We are not willing to engage in open dialogue with nonprofits on these topics	4%

In its 2014 State of the Sector Survey, the Nonprofit Finance Fund asked nonprofit leaders if overall, they feel the majority of their individual, corporate, and foundation funders are willing to engage in open dialogue on funding for these same purposes.⁹ While the NFF study used different methods, the responses suggest that foundations perceive themselves to be more willing to discuss these issues than do nonprofit leaders. With two exceptions (expanding programs and general operating support), no more than 20 percent of the 5,019 nonprofit leaders who responded to the NFF survey indicated that the majority of their individual, corporate, and foundation funders are willing to engage in open dialogue with them on any of these issues. Due to the power differential between grantmakers and grantees it is incumbent on foundations to communicate their willingness to have discussions about these matters.

Foundations' Feedback from Grantees

Asking for and acting on feedback from grantees is a key indicator of foundation's openness to engaging with recipient communities and organizations. Across the 2008, 2011, and 2014 surveys, grantmakers increasingly reported that their organization solicited either anonymous or non-anonymous feedback from grantees through surveys, interviews, or focus groups to help evaluate or strengthen their performance. In 2008, 36 percent of survey participants solicited feedback from grantees during the previous two fiscal years; by 2014, that proportion had increased to 53 percent.

⁹ "2014 State of the Nonprofit Sector Survey: National Results", Nonprofit Finance Fund, 2014. For more information, please see <http://nonprofitfinancefund.org/state-of-the-sector-surveys>.

Exhibit 19: Proportion of Respondents that Solicited Feedback from Grantees***



***p<.001

Engaging External Voices in Decision-Making and Strategy Setting

The field survey has measured the frequency with which foundations engage external voices in decision-making and strategy setting. There has been a steady increase in the proportion of respondents that report that they sometimes, often, or always engaged in these practices. Respondents have been most likely to seek external perspectives on foundation strategy, followed by advice on policies, practices, or program areas from a grantee advisory committee. Very few foundations delegate funding decision-making power to recipient communities or grantees, but the proportion of grantmakers that report doing so has increased slightly since 2008.

Exhibit 20: Engaging External Voices in Decision-Making and Strategy Setting

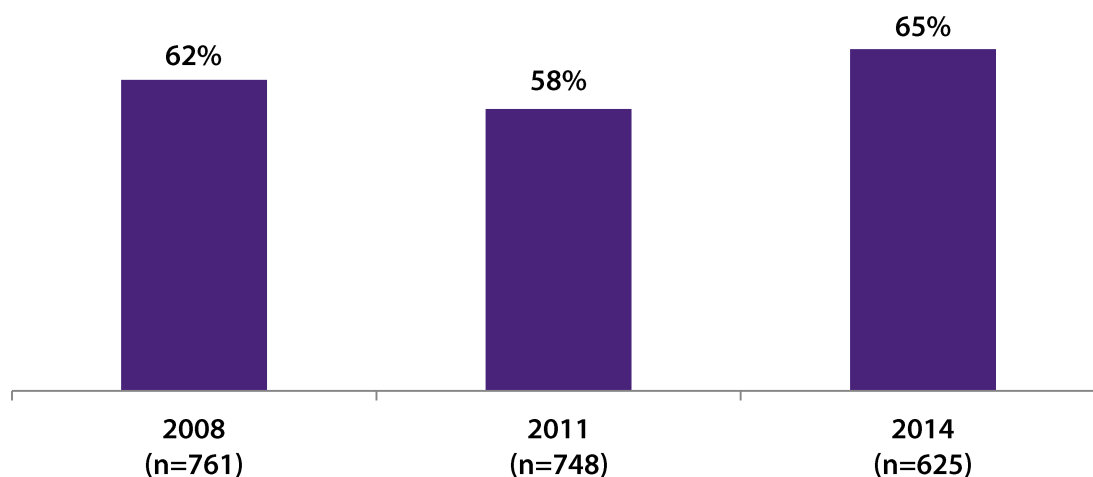
Respondents that sometimes, often, or always did the following during the previous two fiscal years	2008 ¹⁰	2011	2014
Sought external input on foundation strategy from representatives of recipient communities or grantees***	n/a	52% (n=744)	63% (n=624)
Sought advice from a grantee advisory committee about policies, practices or program areas***	39% (n=740)	42% (n=743)	52% (n=625)
Delegated funding decision-making power to representatives of recipient communities or grantees***	15% (n=738)	16% (n=746)	19% (n=626)

***p<.001

¹⁰ In 2008, response categories for these questions did not include “always” and did include “does not apply.”

Another key way in which grantmakers engage with stakeholders for the purposes of strategy setting or decision making is to conduct needs assessments. The proportion of respondents that reported they assessed the needs of the communities or fields served (e.g., through surveys, interviews, focus groups) increased to 65 percent in 2014 from 58 percent in 2011.

Exhibit 21: Grantmakers that Sometimes, Often, or Always Assessed the Needs of Communities or Fields Served During the Past Two Fiscal Years***

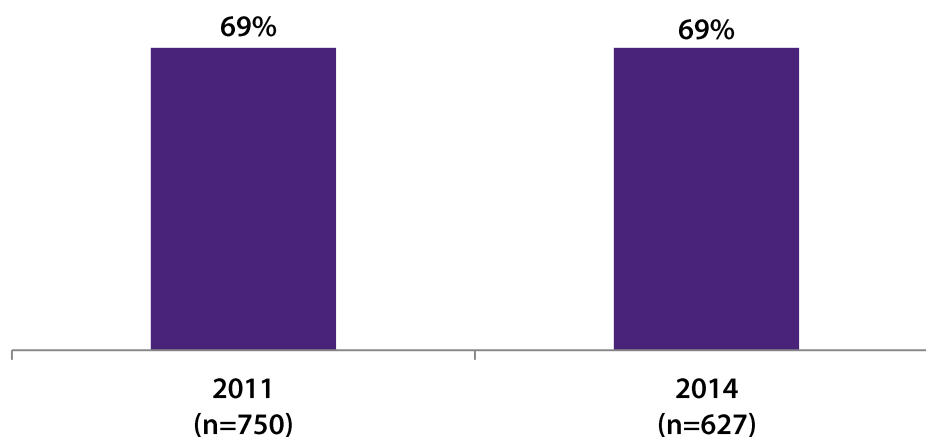


***p<.001

Building Strategic Relationships

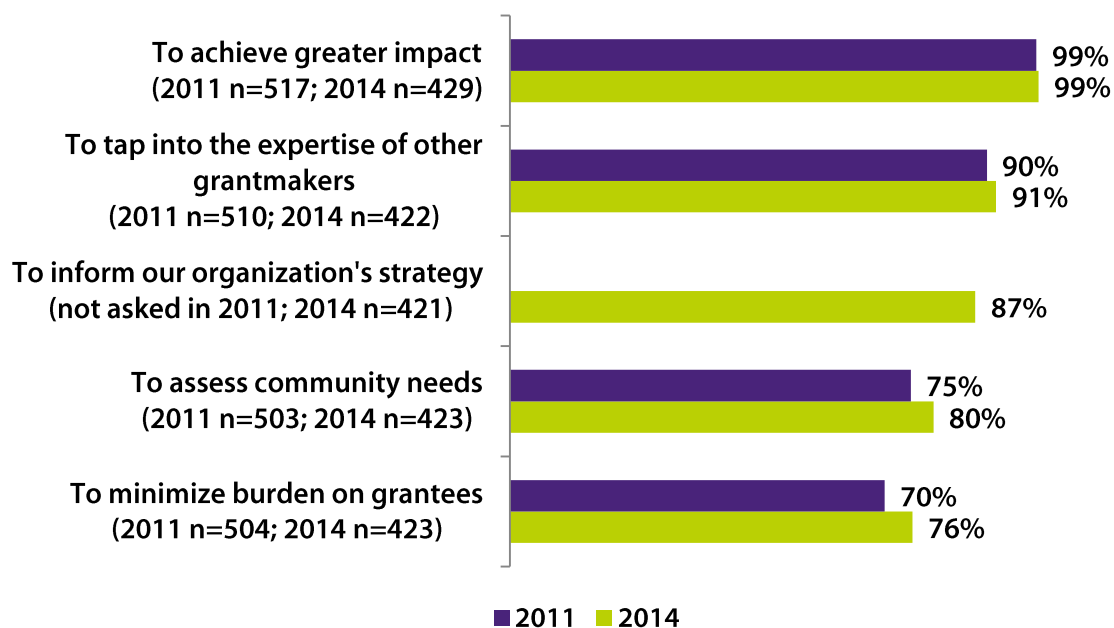
Given all of the discussion around collaboration in the field of philanthropy over the past three years, it is surprising that the proportion of respondents indicating that their foundations developed strategic relationships with other grantmakers during the previous two years did not increase from 2011 to 2014 (The surveys included a note that 'strategic relationships' might include pooled funding, a co-funded initiative or aligning your funding strategy with another grantmaker's). In both years, 69 percent of grantmakers reported developing such relationships (2011 n=750; 2014 n=627).

Exhibit 22: Grantmakers that Develop Strategic Relationships with Other Grantmakers



Among respondents that did cultivate strategic relationships with their counterparts at other foundations, the primary motivations in both 2011 and 2014 were to achieve greater impact, followed by a desire to tap into the expertise of other grantmakers. The consistency and primacy of these motivations suggest that grantmakers interact with peer organizations to support efforts to build and sustain impactful investments.

Exhibit 23: Motivations for Grantmakers who Sometimes, Often, or Always Developed Strategic Relationships with Other Grantmakers



Grantmakers were also asked to describe how often they formed strategic relationships with different types of partners. In 2014, the most common form of strategic partnerships were with grantmakers at private, family, or community foundations, followed by local or state government entities. Grantmakers are least likely to partner with federal government entities. Among the respondents in the 2011 survey that reported forming strategic relationships, the proportion that had partnered sometimes, often or always with “501c3 foundations” was 95 percent, with “government entities” 60 percent, and with “private business/corporate philanthropies” 55 percent.

Exhibit 24: Grantmakers’ Strategic Partnerships

Respondents sometimes, often, or always partnered with the following entities	2014 Survey Respondents
Private, family, or community foundations (n=422)	88%
Local/state government entities (n=420)	56%
Private business/corporate philanthropies (n=415)	52%
Intermediary grantmakers (n=401)	42%
Federal government entities (n=412)	22%

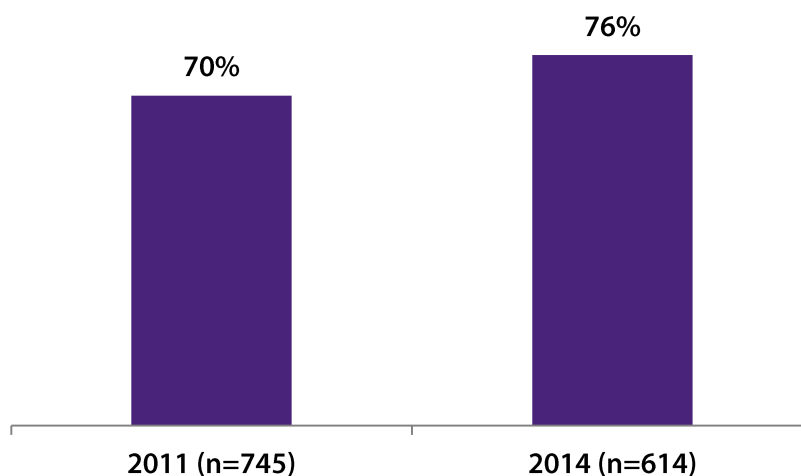
Learning and Evaluation

Evaluation and other forms of learning are engagement strategies in that they bring information from external sources into a process of internal reflection. Through structured learning, grantmakers have an opportunity to use information about the impact of their work to improve practice, support decision-making and communicate with philanthropy and the broader community.

Foundations' Use of Evaluation Data and Evaluation Audiences

A key element of the survey is to understand grantmakers' approach to, and use of, evaluation to support their programs and organizational success. Survey respondents in 2011 and 2014 were asked whether they evaluate the work they fund. 'Evaluation' was defined in the 2011 and 2014 surveys as, "the systematic process of asking questions, collecting information and using the information to answer those questions." Three quarters of grantmakers who participated in the 2014 GEO survey (76 percent) reported that their organization evaluates the work it funds, as compared to 70 percent of the 2011 survey respondents. In 2008 the survey asked respondents if their organization ever "formally" evaluates the work that it funds and it did not include a definition. Half of the respondents (50 percent) in 2008 indicated that their organizations did so and an additional ten percent reported that their organization planned to do so in the future.

Exhibit 25: Grantmakers that Evaluate the Work they Fund***



***p<.001

The ways that grantmakers report using their evaluation data in 2014 is consistent with 2011 results. The largest change (from 37 to 45 percent) was among respondents that report evaluation data to grantees or stakeholders. This is an important change as grantees and other stakeholders sometimes report frustration with the lack of foundation communication.

Exhibit 26: Use of Evaluation Data in Previous Two Years

	2011 (n=754)	2014 (n=466)
Reported to board on grants	89%	87%
Planned/revised strategies	66%	65%
Planned/revised programs	54%	51%
Shared findings with other grantmakers	47%	49%
Reported to grantees/stakeholders**	37%	45%
Attempted to influence public policy or government funding choices	20%	20%

**p<.01

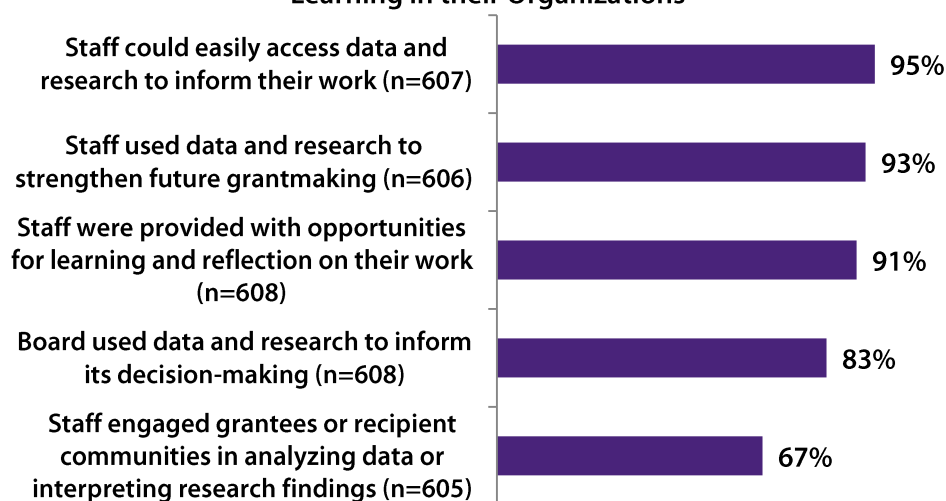
The proportion of respondents that did not report use of the evaluation data they collect remained consistent from 2011 to 2014 (two percent).

Foundations' Internal Learning and Evaluation Processes

In 2014, the survey asked participants to describe their organizations' approach to supporting internal learning and collaboration with grantee and recipient communities in interpreting data. High proportions of grantmakers indicated that their staff members can easily access data and research, that staff use this data to strengthen future grantmaking, and that staff have opportunities to learn and reflect on their work.

According to responses on the 2014 survey, foundation board members are less likely than staff to use data and research to inform decision-making. Grantmakers were least likely to report that their staff engaged grantees or recipient communities in analyzing data or interpreting research findings, although around two thirds of survey respondents indicated that they do involve stakeholders in the data analysis process. These findings suggest that grantmakers tend to think of data and learning as internal processes, rather than strategic or external activities.

Exhibit 27: 2014 Grantmakers who Sometimes, Often, or Always Cultivated Opportunities for Learning in their Organizations



Grantmakers that Keep an Ear to the Ground

GEO was interested to see if there is a link between grantmakers that keep an ear to the ground to understand and respond to grantee needs and grantmaking practices such as offering more general operating support, multiyear grants, and capacity building support.

GEO identified 17 questions from the 2014 GEO field survey that could help determine the extent to which grantmakers keep an ear to the ground. These questions included a variety of practices that involve making decisions based on input and feedback from grantees and other stakeholders and ensuring that staff and board reflect those the organization serves. Harder+Company used grantmaker responses to these questions to calculate a score for the level of organizational “groundedness” and then conducted exploratory analyses (please see Appendix B for more details on how this groundedness score was calculated).

Characteristics of those Keeping an Ear to the Ground

The characteristics of the most grounded foundations are consistent with the findings of the previous GEO surveys. The most grounded foundations tended to be larger organizations, community foundations, and GEO members. More than three quarters of those with assets over \$400 million were highly grounded, compared to 40 percent of those with assets of \$10 million or less. Among foundations, 58 percent of community foundations were highly grounded, compared to 49 percent of independent (non-family) foundations, 29 percent of family foundations, and 23 percent of corporate foundations. Seventy-three percent of other grantmaker types were in the most grounded category. Close to two thirds of GEO members (62 percent) were in the highly grounded category, compared to 40 percent of non-members.

A very interesting finding is that organizations led by CEOs with nonprofit work experience (excluding foundations) were more grounded than those led by CEOs without this experience. Eighty-seven percent of respondents in the highly groundedness category were led by CEOs with nonprofit work experience compared to 54 percent of respondents in the low groundedness category.¹¹ Average organizational groundedness scores rose with increases in the years of CEO nonprofit work experience.

Relationship between Keeping an Ear to the Ground and Funding Types

There is a link between groundedness and support for grantee capacity building (including leadership development).¹² Forty-five percent of respondents in the highly grounded category supported capacity building often or almost always, compared to 23 percent of those in the moderately grounded category and eight percent of those in the low groundedness category.

The analyses also found a statistically significant relationship between groundedness and the frequency of multiyear grantmaking, which held when controlling for organizational asset size and type. There is very little difference in groundedness scores among those that never, rarely, or sometimes made multiyear grants. However, the groundedness scores of those making multiyear grants often or almost always were a little higher. Forty-two

¹¹ The question regarding CEO nonprofit work experience was excluded from the groundedness score in this instance.

¹² The relationship holds when controlling for organizational size and GEO membership.

percent of highly grounded foundations made multiyear grants often or almost always, compared to 34 percent of moderately grounded foundations and 17 percent of foundations with low groundedness scores.

Exhibit 28: Relationship between Keeping an Ear to the Ground and Types of Funding

	Low Groundedness	Moderate Groundedness	High Groundedness
Median proportion of foundation budget devoted to general operating support. (n=332)	25%	23%	25%
Foundation made multiyear grants often or almost always/always. (n=343)	17%	34%	42%
Foundation supported capacity building often or almost always/always. (n=343)	8%	23%	45%

This data did not show a statistically significant relationship between groundedness and general operating support. The median proportion of grantmaking budgets devoted to general operating support was the same for respondents with both high and low groundedness scores (25 percent). Eighty-four percent of those in the moderately and highly grounded categories provide some general operating support compared to 77 percent of those with low groundedness.

Alignment between Attitudes and Practices among those with an Ear to the Ground

GEO in its discussions with foundations and nonprofits has noticed a connection between grantmakers that place a high level of importance on the development of trusting relationships with grantees and the value of humility and empathy in their work and those that engage in the practices it advocates. The survey data supports this connection.

Respondents that reported it is “very important” to have staff that **build relationships with grantees so that grantees can be open with them about their challenges** were more likely than those who did not to report they sometimes, often, or almost always/always:

- provide **capacity building support** (64 percent as compared with 25 percent);
- provide **multiyear grants** (62 percent as compared with 45 percent);
- to **engage grantees or recipient communities in analyzing data or interpreting research findings** (71 percent as compared with 37 percent); and
- **seek external input on foundation strategy** from representatives of recipient communities or grantees (71 percent as compared with 38 percent).

A higher proportion of these respondents also indicated that they solicited **anonymous or non-anonymous feedback** from grantees through surveys/interview/focus groups during the past two years (59 percent as compared with 36 percent).

Survey participants that indicated it is “very important” to **ensure that their staff members remain conscious of the power imbalance** between grantmakers and grantees were more likely than those who did not to:

- **solicit anonymous feedback** from grantees through surveys/interviews/focus groups (38 percent as compared with 27 percent);
- allow a significant proportion of project grants to be used to cover grantees **indirect costs** if it was justified (59 percent as compared with 44 percent);
- express a willingness to engage in open dialogue with grantees regarding **funding for working capital** (cash flow needs), **flexible capital** for organizational change/growth, **general operating support**, and **multiyear funding**;
- **provide general operating support** (84 percent as compared with 77 percent); and
- provide **capacity building** (65 percent as compared with 41 percent) and **multiyear support** (61 percent as compared with 53 percent).

These results indicate that grantmakers whose attitudes show a greater concern with engagement and empathy are more likely to work in ways that are consistent with those beliefs. They demonstrate their willingness to understand and respond to grantee needs and to support a wider variety of grantmaking tools in their work.

CEO Background and Relationship with the Board

Very little data is available about the CEOs of staffed foundations. Most of them are leading very small organizations and so it is likely they take on a lot of the day to day responsibilities of running their organizations, including program oversight, grants management, and community engagement. Fifty-four percent of the survey respondents reported their organizations had fewer than 3.5 staff members; 76 percent had fewer than eight staff members. GEO's surveys have provided data on CEO attitudes regarding a variety of practices, and new in 2014 is additional information about the leaders themselves and how they interact with their boards.¹³

CEO Professional Background

The 2014 survey included two questions aimed at understanding the professional experience of foundation CEOs. The first asked the approximate period of time CEOs held staff positions in a variety of domains. The majority of respondents (54 percent) have held staff positions with grantmaking organizations for more than 11 years. A smaller proportion held positions in business (36 percent) or nonprofits (32 percent) for as long. Importantly, almost three-quarters (73 percent) indicated they have ever worked at a nonprofit (excluding foundations, colleges or universities, and government). Half of them (51 percent) held positions with nonprofits for at least six years.

Exhibit 29: Approximate period of time CEO held staff positions in the following domains during their careers (including current position)

	None	1-5 years	6-10 years	11-20 years	More than 20 years
Grantmaking foundation(s) or other grantmaking organization(s) (n=414)	13% ¹⁴	16%	17%	37%	18%
Business (n=398)	24%	27%	14%	13%	23%
Nonprofit(s) (excluding foundations, colleges or universities, government) (n=380)	27%	22%	18%	21%	11%
Colleges/Universities (n=345)	61%	24%	7%	4%	4%
Government (n=358)	63%	22%	8%	4%	3%

Note: 48 respondents reported they have held staff positions in other domains. Among the areas they specified were consulting (n=10), K-12 education (n=10), law (n=8), health care (n=4), churches/congregations (n=2), and associations (n=2).

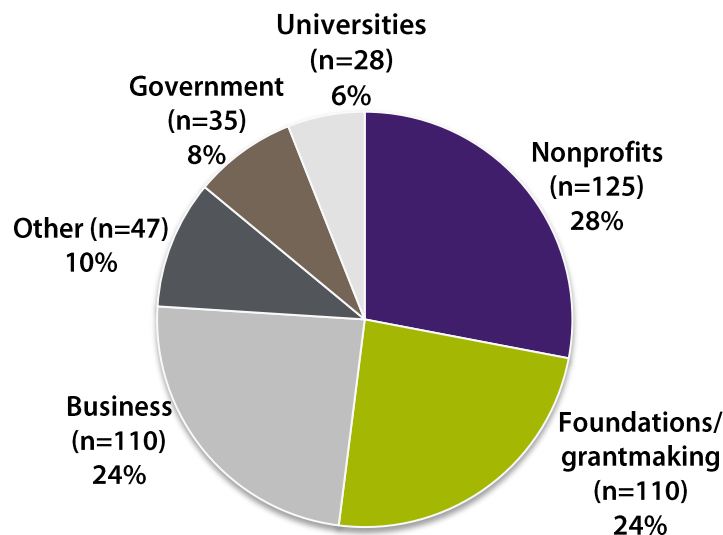
Over three quarters of respondents indicated that their immediate past position prior to becoming CEO was outside of grantmaking, which is consistent with the findings of the Center for Effective Philanthropy's research

¹³ GEO made the questions in this section of the survey optional due to the survey's length. As many as 474 respondents answered questions in this section. Note that a significant number of these respondents did not respond to the questions regarding the period of time they held positions in the various domains and so the percentages reported should be interpreted as approximations.

¹⁴ It is unclear why 13 percent of respondents entered "none" for the period of time they held staff positions in a grantmaking organization. Most of the 13 percent had previously noted their position as CEO, President, or Executive Director. Possible explanations are that they are new to the position, may be serving in a volunteer (unpaid) role as CEO, or misread the instructions for this question which had asked them to include their current position.

on this question among large foundations.¹⁵ Data from GEO's 2014 survey suggests that once they become foundation CEO the majority tend to stay for more than a decade.¹⁶

**Exhibit 30: Domain of immediate past position
prior to becoming CEO, President, or Executive Director (n=455)**



Over one quarter of respondents (28 percent) reported that their immediate past position prior to becoming CEO was with nonprofits (excluding foundations, colleges/universities, and government). Nearly as many reported they came from grantmaking foundations or other grantmaking organizations (24 percent) and business (24 percent). Among the “other” immediate past positions specified included consulting, law, K-12 education, health care, churches/congregations, community volunteer, and “none.”

¹⁵ Center for Effective Philanthropy (CEP) reviewed the biographies of the CEOs of the 100 largest foundations in the U.S. and found that the immediate past position of 60 of the 100 was from outside of foundations. Only 21 were hired from within the organization and seven came from other foundations. Information was not available for eight of the 100. See Buchanan, Phil “The Winding Path to Being a Foundation CEO” CEP Blog, April 25, 2012.

¹⁶ In “How Far Have We Come: Foundation CEOs on Progress and Impact,” CEP found that 42 percent of respondents (CEOs of foundations that give at least \$5 million annually) had been the CEOs of their current foundations for 10 or more years.

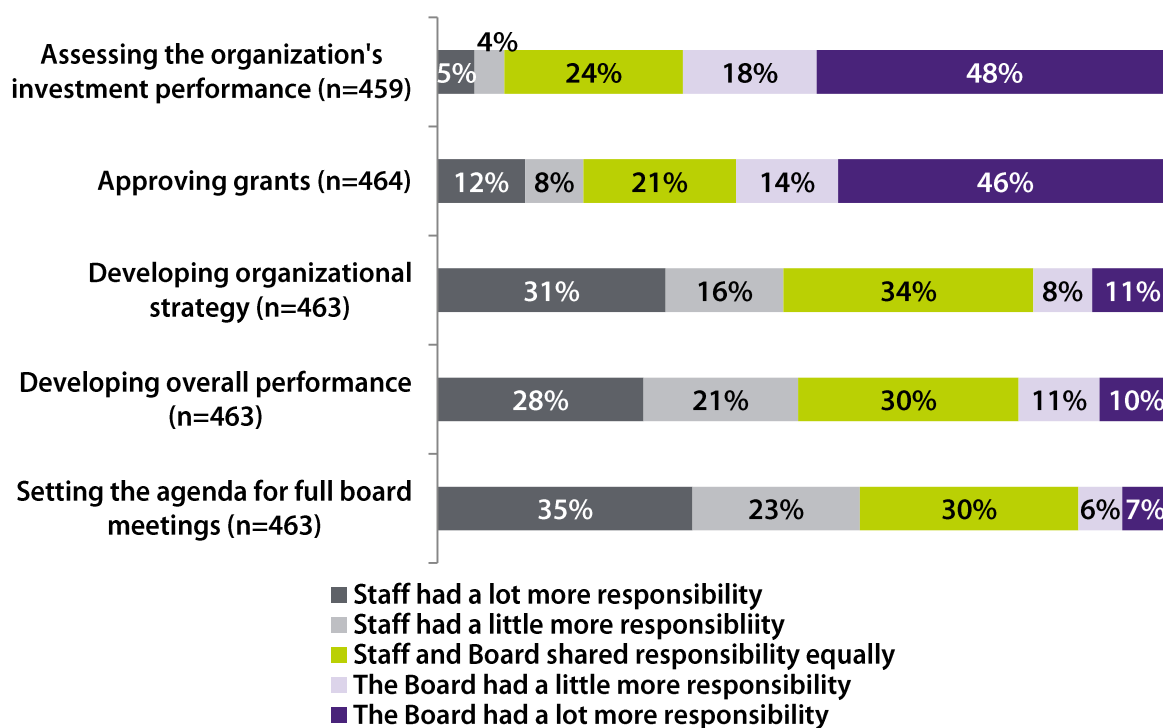
Distribution of Roles among CEOs and their Boards

In 2014 GEO included a few questions aimed at exploring how CEOs work with their boards, the extent to which boards are involved in setting foundation strategy, and how staff and board members work together and divide the labor in strategy development. GEO is interested in whether CEOs play more of a role in orchestrating the board or if it is co-leadership.

For the majority of respondents, the board has more responsibility for assessing the organization's investment performance (66 percent) and approving grants (60 percent). Given the large role played by many boards in approving grants future studies may wish to explore whether foundation boards approve every grant or if they give staff the authority to approve smaller grants so board members have more time to discuss other issues.

Nearly half of the respondents report that staff has more responsibility for developing organizational strategy (48 percent) and for over one third this role is shared equally (34 percent). Similarly, for just under half of respondents staff has more responsibility for assessing the organization's overall performance (49 percent) and the responsibility is shared for close to one third (30 percent). The pattern was similar in terms of responsibility for setting the agenda for full board meetings, with staff taking the lead for over half of the respondents (58 percent) and the responsibility shared for close to one third (30 percent).

Exhibit 31: Distribution of Roles Between Staff and Board Members



The survey also included a question about the CEO's level of satisfaction with his or her relationship with the board. Nine out of ten respondents (89 percent) indicated they were "satisfied" (28 percent) or "very satisfied" (61 percent) with the relationship. Their overall level of satisfaction regarding the topics or types of issues boards chose to emphasize was very high but still showed some modest room for improvement.

Exhibit 32: CEO's Level of Satisfaction with the following Aspects of the Board

	Dissatisfied or very dissatisfied	Somewhat satisfied	Satisfied	Very satisfied
CEO/President/Executive Director's relationship with the board (n=458)	4%	7%	28%	61%
The topics or types of issues that the board chose to emphasize (n=460)	6%	13%	41%	40%

Outsider Participation in Board Meetings

GEO is also interested in how CEOs and boards are using their meeting time, whether they are trying to create learning opportunities or explore unknown territory during meetings, and whether outside perspectives are reflected on the board and at meetings. The survey included a question about the frequency a variety of groups participated as guests at board meetings. The majority of respondents indicated that meeting participants sometimes, often or always include organizational staff aside from the CEO (69 percent) or outside experts (59 percent). However, staff from grantee organizations and representatives from recipient communities are infrequent guests at meetings for most respondents. "Bringing the outside in" is one of the ways foundations can stay connected with grantees and recipient communities and thus improve decision-making and results, as GEO noted in its 2011 report *Widespread Empathy*. Foundation boards can also benefit from hearing the perspectives and experiences of staff from peer or partner organizations, as Barr Foundation CEO Jim Canales noted in a recent article about transparency in the foundation boardroom.¹⁷ The survey results show that staff from peer or partner grantmaking organizations were the least likely to participate.

Exhibit 33: How Often the following groups Participated as Guests at Board Meetings

	Never	Rarely	Sometimes, Often or Always
Staff from our organization (<i>aside from</i> the CEO/President/ Executive Director) (n=456)	27%	4%	69%
Outside experts (e.g., consultants) (n=465)	24%	17%	59%
Staff from grantee organizations (n=466)	37%	19%	44%
Representatives from recipient communities (n=458)	48%	19%	33%
Staff from peer or partner grantmaking organizations (n=462)	55%	22%	23%

¹⁷ Canales, J. "A Transparency Mindset in the Foundation Boardroom," Center for Effective Philanthropy Blog, May 21, 2013. Retrieved at <http://www.effectivephilanthropy.org/a-transparency-mindset-in-the-foundation-boardroom/>.

Relationship between CEO Nonprofit Work Experience and Supportive Grantmaking

CEOs set the cultural tone for their organizations. They determine organizational priorities, standards, and values, and serve as a role model for other staff. GEO believes that foundation CEOs who have worked for nonprofits are more likely to have a better understanding of grantee needs than those without any firsthand experience, and hypothesized that foundation CEOs who have held staff positions in nonprofits will be more likely to lead their organizations to engage in practices that are supportive of nonprofit success. Harder+Company looked at the relationship between CEO nonprofit work experience and supportive grantmaking and found the data supports this hypothesis, particularly in the areas of capacity building and stakeholder engagement.

Exhibit 34: Relationship between CEO Nonprofit Work Experience and Supportive Grantmaking

Respondent organization...	CEO has nonprofit work experience	CEO does <u>not</u> have nonprofit work experience
Supported capacity building sometimes, often, or always (n=378) ***	69%	43%
Sought external input on foundation strategy from representatives of recipient communities or grantees sometimes, often, or always (n=377) ***	74%	50%
Assessed the needs of the communities or fields served (e.g., surveys, interviews, focus groups) sometimes, often, or always (n=377) **	72%	57%
Solicited feedback from grantees through surveys, interviews, or focus groups (n=380) **	62%	39%
Sought advice from a grantee advisory committee about policies, practices or program areas sometimes, often, or always (n=378)*	59%	44%
Funded the costs associated with collaboration among grantees sometimes, often, always (n=378) ***	58%	33%

*p<.05, **p<.01, ***p<.001

Organizations led by CEOs with nonprofit work experience were more likely to report willingness to engage in open dialogue with nonprofits regarding funding for **flexible capital for organizational change/growth** (58 percent as compared with 32 percent), **working capital (cash flow needs)** (45 percent to 33 percent), and developing **reserves for operating needs** (money for a rainy day) (35 percent as compared with 19 percent).

While the data shows there is a relationship, it is not clear whether having CEOs with nonprofit work experience leads foundations to engage in the supportive grantmaking practices discussed above, or whether foundations that are already highly engaged with their stakeholders are more likely to recruit CEOs with nonprofit work experience, or both.

Interestingly, organizations led by CEOs with nonprofit work experience did not devote a greater proportion of funding to **general operating support**. In addition, they were just as likely to provide **multiyear grants**, even when controlling for organizational size.

Anticipated Changes to the Type of Support in the Future

Changes in the type of support foundations offer may continue to come at a slow pace. When asked if they expect to make changes to the types of support their organization offers over the next two to three years, fewer than one third (29 percent) of respondents answered affirmatively. When asked what changes they planned to make, some respondents indicated that they were engaged in strategic planning processes and so the changes had not yet been determined. Others noted plans to increase multiyear, general operating, and capacity building support, provide more collaborative funding, and more funding based on the results of community engagement.

Conclusion

The 2014 GEO field survey provides new insight into the world of grantmaking, adding to the field's knowledge of itself and sharing with others how philanthropy is evolving. The results reveal modest changes in encouraging directions, reflecting a greater willingness among grantmakers to embrace new practices in the service of smarter grantmaking. The survey also reveals those areas where change is slow or nonexistent, reflecting a finding from previous surveys about the stability of traditional approaches to grantmaking. In general, the findings are positive, demonstrating how professional practice evolves in response to new needs, shifting economic forces and field innovation. This conclusions section examines the key longitudinal changes that have implications for the field of philanthropy.

The 2014 survey suggests that the effects of the recession on grantmaking practices are fading. Grants are up; both the total awards and average size of grants increased over the last two years as foundations emerged from the recession that started in 2008. The 2011 survey asked about grantmaking in the two previous years, a period in which the recession was in full force. Only 32 percent of the 2011 respondents reported an increase in total dollars awarded over the last two years. That percent almost doubled to 61 percent in 2014. Funding for the costs associated with grantee collaboration, which could be considered a foundation response to fiscal crises among nonprofits during the recession, appears to have declined, as nonprofits return to a greater level of financial health. As a group, foundations supported their nonprofit partners at the height of the recession when their organizational needs and the needs of their communities were greatest. It is possible that the changes between the 2011 and the 2014 surveys reflect improving economic conditions as much as evolving grantmaker practices. While in some parts of the country, the effects of the recession still linger, the overall financial picture continues to improve for grantmakers and their grantees. The 2014 findings are evidence of that recovery.

Foundations are using grant funds in increasingly flexible ways, more readily incorporating multiyear funding, general operating support and capacity building into their grant portfolios. In 2014, respondents reported increases of between 27 and 31 percent in these three types of grantmaking. The prevalence of multiyear grantmaking doubled between 2011 and 2014, from 29 percent to 58 percent.

The median proportion of foundations' annual grantmaking budgets devoted to unrestricted grants increased from 20 percent in 2008 and 2011 to 25 percent in 2014. This positive trend was observed among all survey respondents, and also when focusing solely on the organizations that completed the survey this year and in the past.

Support for grantee capacity building remained high with the majority of respondents indicating they provided it sometimes, often or almost always (56 percent). With assets up and increased funds available for grants, grantmakers appear to be more willing to try innovative approaches to addressing community needs. Campaigns by GEO and others with an interest in smarter grantmaking have set the context for these changes.¹⁸ In addition to more flexible grantmaking, grantmakers are exhibiting an increased emphasis on engagement. Foundations are more likely to include the voices of grantees, other organizations and the broader community in their decisions. The 2014 survey shows an increased reliance on feedback, needs assessments, and other forms of learning as tools to bring outside perspectives into internal processes. Over half (53 percent) of respondents

¹⁸ This may be influenced by the slightly higher participation of GEO members in the 2014 survey since GEO has been actively promoting these types of grantmaking for several years.

solicit feedback in some form directly from their grantees, up from 44 percent in 2011. Grantmakers likewise seem more open to seeking guidance from external sources and are increasingly involving grantees, colleagues from peer organizations and community representatives in innovative ways. It may be that changes in the types and levels of grantmaking are associated with the inclusion of the different perspectives in foundation decision-making.

Evaluation in particular continues to take on a greater importance for grantmakers. The percent of grantmakers who evaluate their work continues to increase, going from 70 percent in 2011 to 76 percent in 2014. More foundations have embraced the opportunity to learn from their actions, reflecting on strategy, impact and capacity through the use of information. Even those who do not embrace evaluation have incorporated a learning perspective into their grants process, inviting grantees and community members to contribute their voices through needs assessments and other methods.

Change in the field continues to occur, consistent with previous years of the field survey. As in previous years, the pace of change is sometimes slow. The prevalence of some practices remains virtually unchanged from previous years. The 2014 survey asked if the respondents expected to make changes to the types of support their organization offers over the next two to three years. Only 29 percent of respondents indicated that change was likely. When asked what changes they planned to make, respondents indicated that they were engaged in strategic planning processes and so the changes had not yet been determined. GEO and other groups continue to identify opportunities for innovative practice to improve the effectiveness of grantmaking. Given the relatively modest pace of change, perhaps it is time for those interested in catalyzing these processes to assess whether existing methods of disseminating best practices and supporting organizational change are sufficient. What strategies can demonstrate the effectiveness of innovative approaches that can lead to sector-wide practice change? What dissemination methods will reach those who can truly influence practice? How can GEO and others support those sector leaders who are willing to expand the boundaries of philanthropy practice?