

Key Survey Findings

- The recession has served as a crucible for many grantmakers, providing an impetus to reduce expenses, reevaluate priorities, and promote and engage in collaboration.
- A lower percentage of grantmakers reported a decrease in assets in 2009 (65%) than in 2008 (86%). Some saw a decline in 2009 as a result of increasing their payout rates.
- Grantmakers expect to give fewer grants in 2010 than in 2009.
- More respondents expect their grants budgets to decrease than increase in 2010. Nearly half expect a decline; roughly one in six expect a decline of 5% or less. Nearly one-third expect grants budgets to increase. Approximately one-quarter are not sure.

Grantmaking in 2009

Grants Budgets

- About half (51%) of respondents said their grants budgets went down in 2009. But of those with decreases, 38% said their grants budgets only decreased by 5% or less.
- More than one-quarter (27%) said their grants budgets increased by up to 15%, and a handful reported greater increases.
- 12% of total respondents reported no change in grants budgets.

Actual grantmaking results in 2009 are thus far matching predictions made by respondents to our March survey, in which 48% anticipated reducing their grants budgets.

“Our board focused on staying the course with existing commitments, core grantees, and critical new project funding to keep pre-recession momentum going.”

- Family Foundation

Funding Requests

The increase in funding requests seems to have slowed in 2009 compared to last year. In our March survey, 81% of respondents said they received more funding requests than in the previous year.

Now, six months later, about half of respondents (51%) said that funding requests have increased moderately (33%) or dramatically (18%) compared to 2008. Nearly one-third (29%) of respondents said the volume is about the same. Only 6% said requests have decreased. 12% said they do not accept inquiries or requests.

Comments from the Field: 2010 and Beyond

The financial crisis has spurred grantmakers to reexamine their work and rethink how best to serve grantees.

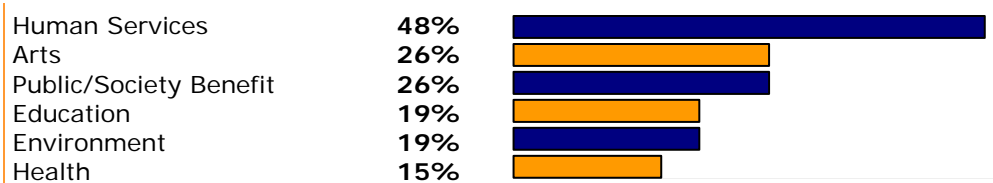
Many funders are watching closely to see what their peers do, knowing that cuts from other funders, private and public, will affect grantees' needs: “[Our] board is *very* concerned about other funders dropping funding further,” said one respondent. “The impact on grantees of the overall recession is a major concern,” reported another.

Another reported that, “we are holding 2010 grants at 2009 levels, but we have to consider major adjustments in grants and administration in 2011. We believe that it is important to maintain giving in 2010 because so many other foundations may have to cut back. We hope that starting in 2011 other foundations will be able to give at higher levels and that is when we plan to scale back a bit.”

Grantmakers realize that decisions made now will have effects far into the future: “Longer term (2011 and beyond) sustainability of [our] present grantmaking pattern is in question and up for discussion,” said one respondent. “We are more concerned about grantmaking in 2011,” said another.

Other grantmakers are looking for grantees to step up in response to the financial crisis and demonstrate creativity in the face of the challenge. One respondent said, “[we are] surprised and disappointed in the lack of innovation shown in requests... [It] reflects fearful environment and possibly longer-term lack of innovation and collaboration in the nonprofit community here.”

Grantmakers that categorize their requests reported increases in the areas of:



The impact of the recession is still reflected in current requests. Over the past year, grantmakers have received:

Requests from organizations that have never approached them before	59%
More requests for operating support	55%
More requests for emergency/gap funding	49%
More requests for capacity building funding	28%
More requests from start up organizations	24%
More requests for assistance in exploring consolidations or mergers	7%

“I met with each of our grantees and told them about the decline in our assets, and asked how else we could support them. We received a variety of requests for very specific capacity building and technical assistance, which we started this year, and will continue (and likely expand) next year.”

- Independent Foundation

Change in Assets in 2009

Collectively, grantmakers experienced a decrease in assets in 2009, but the dip was not as great as in 2008. Approximately two-thirds (65%) of survey respondents reported a decrease in their assets between December 31, 2008 and September 2009. That said, all was not gloomy— more than one-third (35%) of respondents experienced an increase in assets, although most by less than 5%.

This means 2009 brought some stability to grantmakers, as 86% of respondents in our March 2009 survey reported a decrease in their organizations’ assets in 2008.

More than half (53%) of 2009 respondents attribute the change in their assets primarily to the recession and resulting decrease in their return on investment. Others cited a variety of causes, including: “we’ve chosen to make grants at a higher level, so that combined with return on investments has contributed to decrease in assets,” “reduced public funding,” and “spending of reserves so as not to cut programming.” Grantmakers whose assets increased said that the change resulted from increased corporate earnings or a change in investment strategy.

“As assets declined, our board encouraged alternative ways of raising money to support the work. We were actually able to bring in significant new dollars through a partnership with a European funder.”

- Family Foundation

About the Survey

More than half (51) of Washington Grantmakers members responded to the Sept. 24—Oct. 3, 2009 survey, including independent foundations, corporate foundations, corporate giving programs, community foundations, and public foundations in the District of Columbia, Northern Virginia, and suburban Maryland. Respondents’ organizations represented a broad range of asset bases, from less than \$1 million to more than \$100 million.

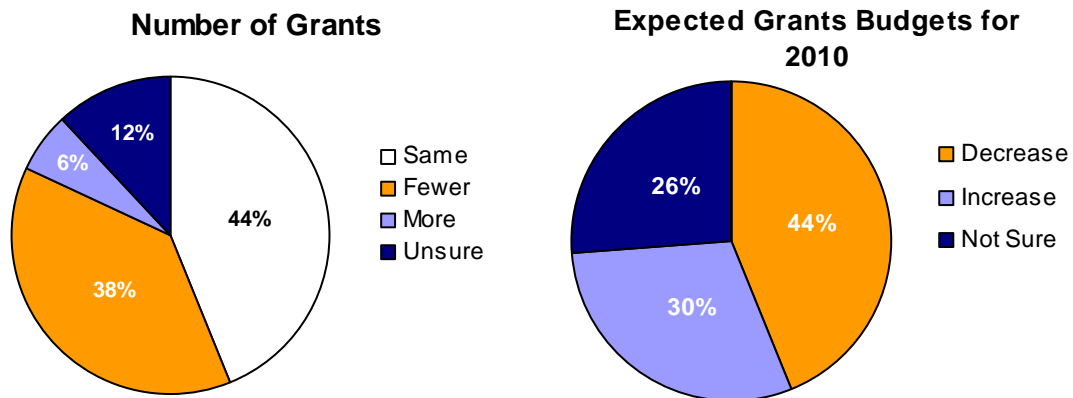
Prospects for 2010

Grantmaking Dollars

While grantmakers recognize that nonprofit organizations continue to face struggles to survive, particularly due to cuts in public funding, they do not anticipate being able to give more grants next year. Most respondents said they would give the same number (44%) or fewer grants (38%) next year. Only 6% of grantmakers plan to award more grants, one respondent “will not consider requests until further notice,” and several grantmakers are still unsure about next year’s **number of grants**.

44% of respondents expect their **grantmaking budgets** to decrease next year. Nearly all expect to keep the reduction to 20% or less, with 16% expecting only a 5% or less decrease. Nearly one-third (30%) anticipate an increase in grantmaking dollars in 2010, with 12% expecting a slight increase of 5% or less. More than one-quarter (26%) report they don’t yet know what their 2010 grants budget will be.

More than half (57%) of respondents attribute anticipated changes in their 2010 grantmaking budgets, at least in part, to the changes in value of their assets (41%) or concern about the economic future (17%). Nearly one-third (29%) say their grantmaking budgets will change as a result of changes in company profits or expected donations from individuals.



Funding Priorities

When asked where they anticipate focusing in the future, the highest percentage noted that they intend to give priority to advocacy or “efforts to effect major change.” Funders have recognized that they need to enhance their efforts to effect change on a large scale thereby maximizing their revenue by doing the greatest good for the greatest number.

Following efforts to promote major change and advocacy, the next highest areas of support were technical assistance support and support for organizations that propose partnerships, alliances and/ or mergers. This finding seems to speak to grantmakers acknowledging their role in supporting efforts to strengthen and streamline the sector.

“My board has a better understanding of the importance of general operating support.”

- Independent Foundation

A Model Partnership in 2010: Beginning next year, the Eugene and Agnes E. Meyer Foundation will enter into a new collaborative partnership with the Consumer Health Foundation, the leading health funder in the Greater Washington region. The Consumer Health Foundation will manage the application and grant review process for Meyer's health and mental health grants. Why the change? Per Meyer's announcement:

- “[T]his partnership allows us to benefit from the knowledge and expertise of the Consumer Health Foundation without expanding our staff.”
- “[G]rantmakers should be open to innovative new ways of working together—especially in difficult economic times—and should model the kind of collaboration they hope to see among grantees.”
- “[C]oordinating more closely with Consumer Health will streamline and simplify application and reporting processes for nonprofits....”

Economic Impact on Grantmaker Operations

The recession has changed the way many grantmakers function internally. The majority of respondents (79%) have been forced to make changes as a result of the economy. Below are changes reported in the September 2009 and the March 2009 surveys:

	September 09	March 09
Reduced operating budget	42%	51%
Change in investment strategy	40%	n/a
Salary freeze	33%	31%
Staff layoffs	28%	13%
Hiring freeze	9%	36%
Sharing space	5%	n/a

Other respondents reported reducing overhead by moving to less expensive office space, consolidating office space or creating virtual offices, partnering with other grantmakers, and making one board meeting a teleconference.

“[The recession] has showed us it is positive to collaborate with partners that have the same mission and goals.”

- Independent Foundation

Nearly one-quarter (24%) of survey respondents see the changes they've made because of the recession as short-term responses to a discrete financial crisis, while 13% see their shifts as long-term, and 37% see their changes as a mix of short- and long-term strategies.

“Expense reductions will be permanent, while grants may slowly return to previous levels in future years if economic conditions improve.”

- Corporate Giving Program

The Silver Lining

As with many crises, this economic climate has provided grantmakers with an opportunity to look closely at their work and either reaffirm their goals and strategies or make needed changes. In many cases, grantmakers have been able to offer new, focused support to grantees to augment funding dollars. In some cases, trustees have gained a greater appreciation for the challenges of grantmaking and nonprofits' need for general operating support. Seeing how they can still function under budget constraints have made some grantmakers appreciate the necessity of trimming operational expenses. The quotes highlighted throughout these pages reflect our members' thinking as they emerge from this economic crucible.

While 2009 has not been easy for grantmakers or grantees, Washington Grantmakers members remain resolute in their dedication to meeting community needs, even when it means rethinking strategies, reexamining priorities, and making hard choices about how to operate and who to fund. What the future holds is uncertain, but, to the degree possible, grantmakers aim to hold steady in their grantmaking and to look for opportunities to fund efforts that affect major change.