



October 6th, 2020 | No.3

FOUNDATIONS DURING COVID-19 PANEL

REFLECTIONS ON SESSION 3 [SEPTEMBER, 2020]

The monthly participation of 22 foundation leaders (from private, community, corporate, public and DAF sponsor foundations) in this online study of their work in response to COVID-19 is greatly appreciated. The aim of this Delphi study is to understand the evolving challenges and adaptations of foundations during this time of enormous societal and economic turbulence. By providing regular feedback, the intent is to foster learning to assist the work of foundations, their grantees and collaborators.

In each session we track key aspects of philanthropic work to assess how foundations might be changing over time. We also follow evolving understandings of how COVID-19 will influence the future of the charitable and philanthropic sectors.

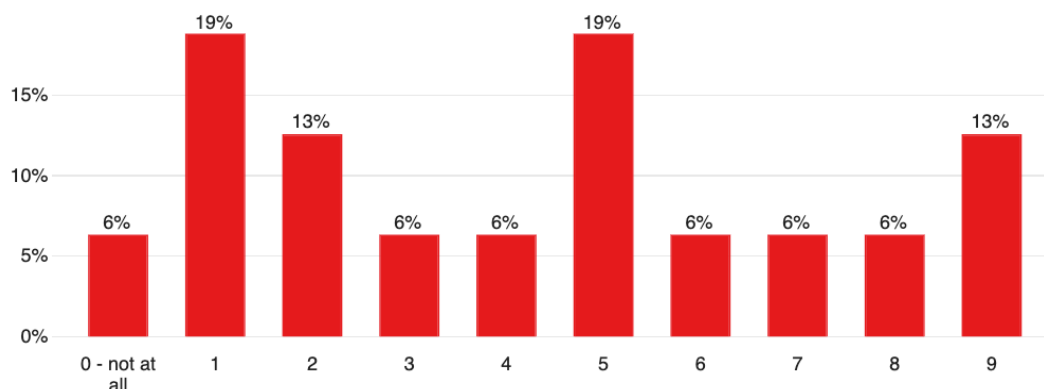
Each session, we take a closer look at issues you noted as important. In this third session, we took a deeper dive into Donor Advised Funds, the role of the board of directors, and the effects of the WE Charity situation.

Foundations have adapted to change

The adjustment that all foundations had to make to COVID-19 was abrupt and dramatic: working remotely, adjusting to new technologies, and emergency grantmaking that was faster and more flexible. In each of the three rounds we have asked both how much change has been experienced since the beginning of the pandemic and since the last session. The assessments of overall change have been consistent: almost 50 percent of the panelists rate the change as 7 or above on a 10-point scale. Following the initial shock, foundations have adjusted.

- Only 25 percent rated the change as 'high' (7+) since our last session in July. About a third rated the extent of change as being minimal (3 or less).

Since the last session - in early July - how much has the work of your foundation changed?



Most of the recent change is associated with planning for 2021 and the next stage of pandemic response.

In the early months, operational issues (managing the pace of work, use of technology and home-work balance) were the greatest challenges. Currently, addressing the uncertainty of moving the sector toward recovery and reinvention and managing expectations are the two foremost challenges. Some sense of fatigue is also setting in as the timelines of the COVID marathon are extended.

Overall, foundation leaders feel that their organizations have adapted well: 53 percent rate their adaptiveness 8 or above.

Challenges

Which aspects of work have been most challenging since July? The responses are highly varied, but the most significant challenge is simply managing uncertainty. Things slowed down somewhat over the summer as staff took vacation, but September brought renewed action. New challenges that have emerged – related to trying to gauge how long the pandemic reality will last – and adjusting to pandemic fatigue. Some noted that charities are seeking resilience building tools and there is a need for greater community engagement – for example through social media – that will require additional staff and resources to manage this new “era” of virtual engagement.

“It’s one thing to say “this is a marathon” back in April but six months in, it feels more like this way of working is here to stay, and that we’ll be running forever”.

Collaboration

Foundations continue to engage in extensive collaborations. For half of the panel, the extent of collaboration had not changed from July; For about 20 percent, collaboration was less and for 20 percent it was greater than the last session.

The main reason for no change is “summer.” Staff were recovering from the joint initiatives of the crisis response and getting ready to start new projects. An underlying challenge which inhibits collaboration, as noted by one panelist, is finding the right projects and sharing power.

“Everyone wants to collaborate and avoid duplication, but it is hard to find the right projects to bring us together, and there is an issue around organizations giving up decision making power or exploring deeper collaborations and governance structures that can sustain them.”

Information

Uncertainty, collaboration and crisis response may require new types of information, so we asked how your organizations currently obtain information to guide your work. The primary sources are foundation networks and community organizations (56%); PFC/CFC (18%); 12 % produce information in house and 11 % have formal systems or dedicated personnel to gather information.

The role of the board

Participants reported that the role of the Board has remained broadly similar to its pre-pandemic role but generated more engagement from board members. Boards are meeting more frequently and there is increased communication between staff and board members, which in some cases has placed pressure on staffing resources. There has also been increased need for Board approvals and unrestricted funding, in light of COVID-19 emergency funding. In some cases, participants reported that their Board is delegating more responsibility to staff than would ordinarily be expected. The organizations that did not increase meeting frequency during the earlier critical months have faced challenges in keeping their board members up to date with the daily reality of adapting to the pandemic. Some panelists noted that while boards maintained their focus on governance and their missions, board members were definitely more hands-on and task-oriented since the beginning of the pandemic

"Nouveau conseil établi au 1er Juillet, plus professionnel, plus engagé, plus opérationnel".

Phases of foundation response

As we look to how responses to the pandemic might unfold and be differentiated, we asked if five-phases – emergency, transition to recovery, recovery, transition to reinvention, and reinvention – generally fit with what the panelists anticipate. There was general agreement that they do. It was also agreed that this will likely not be a continuous, linear process, particularly as a second (or more) wave occurs.

Phases:

Emergency: addressing the acute crisis, creating emergency funds, faster giving, faster pace of work, adopting new modes of work, etc.

Transition to Recovery: preparing for recovery/change through knowledge gathering, conversations, evaluating work to date, assessing needs, etc.

Recovery: supporting medium to longer term community needs, rebuilding organizations & social infrastructure, new grantmaking, new priorities, etc.

Transition to Reinvention: preparing for re-invention, conversations, evaluating work to date, assessing needs, etc.

Re-invention: supporting systems change, fundamentally new approaches, reorienting work of the foundation, preparing for future crises, etc.



The panelists indicated they are at quite different stages along this path. Most believe, however, that the emergency stage is nearing completion and they are transitioning to or are in the early stages of recovery. A third of participants are quite well along in recovery and about 20 percent are well into the transition to reinvention. However, a second message is that many are uncertain as to when recovery can fully begin. The responses also indicate that many see themselves in more than one phase at the same time.

For each phase we asked what are, or are anticipated to be, the key priorities and primary actions. For phases that have been started, we also asked what, if anything, do you wish you had done differently.

Emergency phase

Over two thirds of respondents (12 out of 17) indicated that the Emergency phase is or is almost complete (9 or 10 on a 10-point scale from not started to complete).

Key priorities:

- Funding to address urgent needs
- Collaboration with stakeholders
- Communication and transparency

Key actions

Funding to address urgent needs. Emergency funds: faster, flexible grantmaking. Addressing acute needs arising from the crisis, such as the need for medical supplies (e.g., PPE), rising food insecurity, mental health challenges, and increased costs of physically distanced service provision (e.g., heightened personnel needs, infrastructure requirements in the sector). This phase may also entail financial support to charities to address resource losses as a result of fundraising disruptions. In anticipation of a second wave, some foundations are setting aside funding for another possible emergency phase.

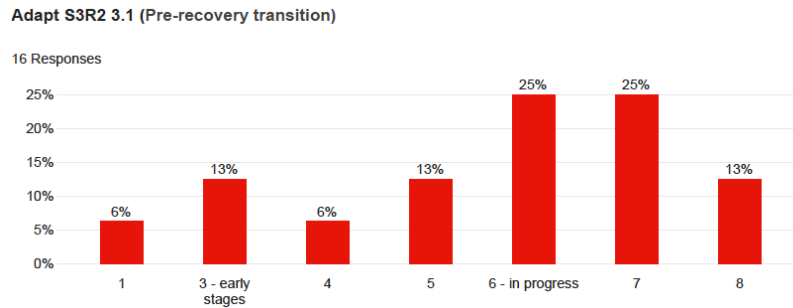
Collaboration with stakeholders. Foundations report new and expanded collaboration, especially with other foundations and charitable organizations. Collaboration in this phase is focused around understanding needs and coordinating the quick dispersion of funds while minimizing gaps and duplication.

Communication and transparency. The uncertainty of the emergency phase necessitates attention to communication with partners, grantees, and donors. Communication focuses on explaining processes and decisions to organizations, as well as managing expectations.

There are few things that foundations would have done differently at this phase: if the urgency has not been so great, different choices but might have been made, but these are relatively minor. However, several mentioned that simpler governance processes and better communication with the board would have helped.

Transitioning to recovery

When asked how complete the transition toward recovery was, more than 60 percent of the panelists (10 out of 16) noted that the transition to recovery is well underway. About 20 percent noted that this transition was in its early stages.



Key priorities:

- Consolidating / learning from Emergency phase
- Monitoring/ assessing needs for next phase
- Stakeholder engagement
- Assessing operations
- Developing new strategies; building a viable financial model
- Planning to advocate for a green, just, resilient recovery

Key actions

Consolidating / learning from Emergency phase. As foundations consolidate a response to the acute crisis, they have turned attention to reflection and planning. This involves collating lessons from the emergency phase and developing strategies for recovery and a possible second wave. Foundations report the importance of unrestricted funding as an aspect of this phase.

Monitoring / assessing needs for next phase. As part of the learning and planning process, foundations are working with partners to understand ongoing and future needs. This phase includes listening and learning about community and charity needs. In particular, foundations are trying to predict the urgency of needs in upcoming months; sharing lessons with community; surveying partner charities; and having ongoing conversations about the pandemic and other societal challenges.

Stakeholder engagement. Foundations are also focusing on stakeholder engagement in this phase. These relationship-building actions include developing strong community relationships and online platforms.

Assessing operations/ getting staff ready for return to the office / staying resilient as an organization. As the acute crisis has receded, foundations are reporting a gradual return to the office, although virtual work continues. Some are hiring additional staff as they adapt.

Developing new strategies; building a viable financial model. Many participants report that they are reflecting on the pandemic to-date and taking stock. They are working toward developing new strategies around anticipated needs; those that fundraise are assessing what their financial models.

Planning to advocate for a green, just, resilient recovery. Not all foundations in this study work with governments. But those that do are turning attention to governments' COVID-19 recovery plans. They are planning advocacy strategies for priorities that governments should include in recovery policies.

Recovery

A little more than half of the respondents (11 of 19 respondents) discussed the recovery phase. When asked how complete this phase was from 1 to 10 (completed), the average panelist answered a 4 of 10 with a great variation in the responses ranging from 3 (very early stages) to 7 (on the path toward completion).

Key priorities:

- Addressing medium-term needs
- Collaboration
- Work with vulnerable groups to build resiliency
- Operational issues
- Funding
- Leadership & leading public discourse

Key actions

Addressing medium-term needs. When the acute needs from a crisis subside people and organizations move toward recovery – or, returning to a “new normal”. Foundations are beginning to examine what role they might play in supporting this process. Generally, foundations have not disbursed funding for COVID-19 recovery, although some have set aside funds for 2021 with this purpose in mind.

Collaboration. In this phase, foundations are looking to collaborate for new purposes and develop new alliances.

Work with vulnerable groups to build resiliency. As foundations begin to focus on resiliency, most are doing so through learning-oriented conversations.

Operational issues. Some foundations are hiring, or anticipate hiring, new staff at this phase.

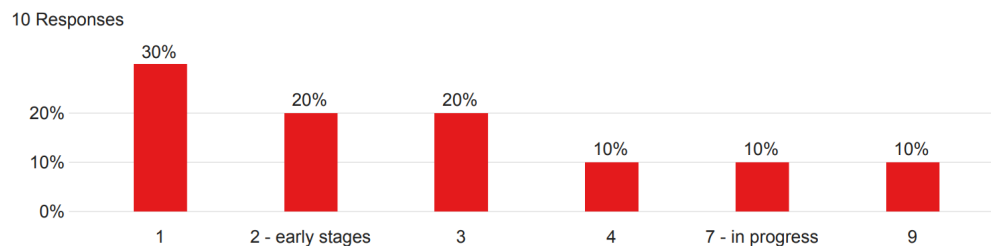
Funding. Several foundations report having set aside funding for the recovery phase. Recovery funding is likely to replicate the emergency phase's relaxation of granting rules – for instance, there may be less pressure on charities to report.

Leadership & leading public discourse. Connected with the transitional phase above, some foundations are advocating for a green, just, resilient recovery. They are also working to lead public discourse on the pandemic recovery as well as other concomitant societal issues.

Transition to reinvention

About half of the respondents discussed the transition to reinvention phase. The answers ranged between 3 (very early stages) to 9 (almost completed) with a great variation between respondents. Most of the respondents (7 of the 10 people who discussed this phase are at the very early stages of this phase (3 or less).

Adapt S3R2 5.1 (Transition to re-invention)



Key priorities:

- Listening and learning
- Transforming governance
- Strategic planning for reinvention
- Viable funding models / fundraising

Key actions

Listening and learning. Foundations are already thinking about the possibility of systems change after the pandemic. However, this is generally not a core area of focus at the moment. When applied to this phase, listening and learning will occur on developing new systems, theories of change, metrics and evaluation.

Transforming governance. Foundations will need to garner buy-in for moving toward reinvention. This might entail ensuring board and staff are on the same page. An intermediate step may include governance changes, such as adding greater diversity on boards – as is already occurring in reaction to racial justice movement.

Strategic planning for reinvention. Foundations have generally not started developing strategies around reinvention, as they are primarily still planning for the recovery phase. But they appreciate that this will involve very different processes than in the emergency or recovery stages.

Viable funding models / fundraising. New approaches may require rethinking funding models and fundraising.

Reinvention

Most have not started thinking or acting on reinvention yet as there is still too much uncertainty and immediate needs require sustained attention. Only a quarter of panelists discussed this phase with only one noting that reinvention was nearly completed (9 out of 10).

Key priorities:

- **Implementing strategies for societal transformation based on research**
- **Reimagining systems; being nimble and flexible**

Anticipated key actions

Implementing strategies for societal transformation based on research. Once foundations have concluded strategic planning, they may adopt and implement plans for reinvention. This would entail action toward systems change addressing the needs and social problems unveiled by the pandemic. Inequality, racial justice, and climate change are among the issues identified by foundations that may become focal points for reinvention.

Reimagining systems; being nimble and flexible. Where foundations enter a process of reinvention, they will put forward actions that reimagine the way social systems work. Doing so will require flexibility as well as the ability to incorporate ongoing learning. Reinvention will require new and different collaboration as well.

A second wave

The second wave of COVID-19 is anticipated, by most panelists. Some have retained funds for a second wave of emergency relief and many are organizing technology to be able to continue working at a distance. The uncertainty shapes preparation plans and flexibility with need to be built into contingency plans.

"Not preparing so much – more waiting, and making plans carefully that can be easily cancelled."

The Pandemic in the context of racial justice, climate change and WE charity

COVID-19 has converged with the movement for racial justice, amplifying the imperatives of system changes. Panelists agreed that the philanthropic sector could – and should – do more to address racial justice. From July to September, 55 percent said they had taken new steps to address racism. These measures include:

- Board and staff diversification
- Conversations (internally and with communities) to listen and learn
- Working with partners to support a broader DEI strategy/approach and to track data
- Providing unrestricted funding to BIPOC-led organizations

The Additional steps that public and private foundation could take include:

- ‘Fixing their own houses,’ through greater inclusion
- Learning and talking more about what needs to be done to shift power and make systems change
- Providing more equity-related grants and using an equity lens in their work
- Using their influence to shift systems and power

A lack of knowledge about BIPOC-led and serving organizations was cited as the main barrier to increased grantmaking. Because many community-based and BIPOC-led organizations are small, grassroots and may not be qualified donees under CRA regulations, they are not on foundations’ radar.

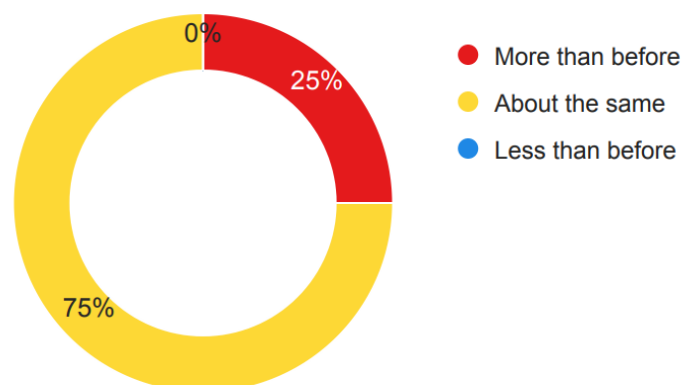
Donor Advised Funds

For the foundations that hold DAFs, the foundation itself has little control over the granting choices of these donors. We probed more specifically the patterns of the DAFs. The general trends are:

Donors have been contributing about the same amounts to their DAFs as pre-pandemic (75 percent), with 25 percent contributing more.

50 percent are giving more than before and 50 percent about the same. There was a clear statement that the DAFs are giving above the 3.5 percent disbursement quota on foundations.

About half of DAF holders gave more at the beginning of the pandemic and this levelled off; 25 percent have been steady throughout; and for 25 percent of DAF sponsors there is no clear pattern across their account holders.



Concerns about the future of the philanthropic and charitable sector

The overwhelming concern is that many charities may not survive 2021 due to financial pressures. Fundraising and giving will be suppressed for some time, and charities will need to find new ways of generating revenues. Foundations and philanthropy will need to take on greater responsibility.

Systems that we have relied on in the past are broken (government, health care, education, etc.) and it is going to be very complicated and complex to address the issues collectively. If we simply return to "normal" the concern is that we will not leverage the crisis for positive change.

Topics for future rounds

The topics we might pick up are 'big' ones, reflecting the concerns about the future of the charitable sector and the role of philanthropy. They include:

- The role of foundations in systems change. As the pandemic hangs on, how do foundations decide which charities to help survive, and which ones to leave to wither (especially if inclusivity and transparency are important values)?
- Public-private partnerships
- Inclusion: inclusive policies and governance; lack of BIPOC leadership and how this affects the sector as a whole. Diversity on boards.
- How to make the case for unrestricted funding.
- Mental health of staff and how to handle the emotional part of foundation work during COVID.

Again, thank you for your participation in the panel. We hope this feedback is useful to your foundations.

Any questions?

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