

SHIFTING WINDS

Foundations Respond to a New Political Context



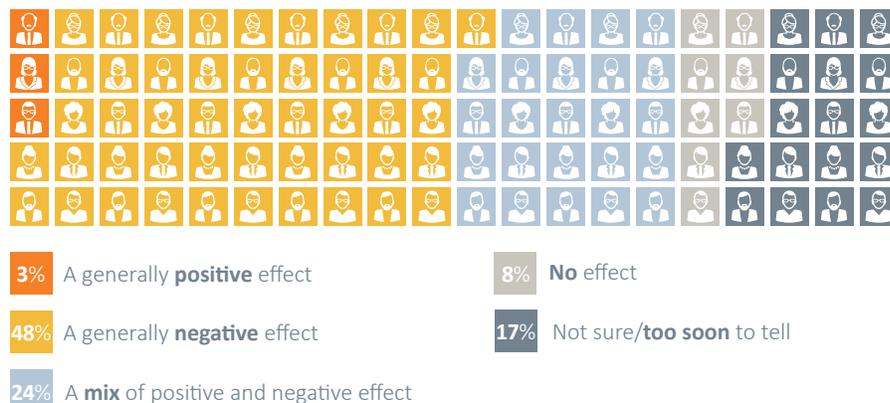
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Foundation reactions to the new political context in Washington, D.C., vary widely, judging by results of a survey we administered in February and March 2017. While almost half of foundation CEOs say they believe that the change in presidential administrations will have a negative effect on their foundations' ability to achieve their goals, about a quarter say they anticipate a mix of positive and negative effects. Another 17 percent say they are not sure yet—it is too soon to tell. (See Figure 1.) Almost three-quarters of foundations that responded to our survey are making, or planning to make, some change in their work as a result of the election of Donald J. Trump.

Figure 1

ALMOST HALF OF CEOS THINK THEIR WORK GOT HARDER

Percentage of CEOs responding about the effect the change in presidential administrations will have on their foundation's ability to make progress toward its goals:



The survey was fielded between February 21 and March 10, 2017, to U.S. independent and community foundation CEOs whose foundations make at least \$5 million in grants annually. It was designed to obtain a snapshot of how foundations are reacting to a new administration and the degree to which they are making changes as a result. We undertook this survey in response to repeated questions about how foundations were responding and numerous articles and opinion pieces speculating about whether and how foundations would, or should, adapt. We sent the survey to 477 CEOs and received responses from 162, for a response rate of 34 percent.¹

CHALLENGE AND OPPORTUNITY

Although, as mentioned earlier, nearly half of CEOs anticipate progress toward their goals becoming more difficult, their responses to open-ended questions suggest many also see opportunities. In response to open-ended items asking them what challenges and also what opportunities the change in administrations presents for their foundation’s ability to make progress toward its goals, 53 percent identify a challenge, 50 percent identify an opportunity, and 33 percent provide neither.

Among those listing a challenge, slightly more than one-third of CEOs say the change in Washington creates a challenge because the administration’s positions are at odds with those of their foundation. The issue areas most frequently mentioned are health care, immigration, and the environment. One CEO says, “From the ACA, to [the] safety net, to the need for increased support of immigrant- and refugee-serving organizations, the changes and policies from this administration may require us to focus on short-term needs for a period of time, potentially at the expense of long-term goals. I hope this is not the case.”

Some CEOs say they foresee challenges stemming from a reduction, or potential reduction, in funding at the federal or state level for certain social issues. One says, “Name the issue. [The administration has] created a cultural context that is significantly more hostile to goals around social equity and justice. They plan to gut federal agencies and budgets that protect our environment and natural resources. They are looking to block grants and slash social services critical to children and families in need. In essence, every aspect of our work just got exponentially more difficult.”

¹ We examined whether there were differences in giving, age, foundation type, and region of the country between respondents and non-respondents and found none. The only statistical difference we found was that CEOs of foundations that have used a CEP assessment tool were more likely to respond to our survey (this difference was of a moderate effect size).

ABOUT THE FOUNDATIONS IN THIS STUDY

Figure 2

GIVING LEVELS AND AGE OF RESPONDING FOUNDATIONS

Foundation Characteristics	Range	Median
Giving	\$5M to >\$500M	\$13.5M
Age	<10 years to >100 years	42 years

TYPES OF RESPONDING FOUNDATIONS

	Independent Foundation	Community Foundation
Type of Foundation	73%	27%



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Other CEOs cite challenges related to potential changes in tax code that may affect their ability to support grantees. “Uncertainty over tax law changes—especially in regard to charitable contributions—make this a tough environment for donors to plan,” says a community foundation CEO. “This affects the foundation’s goal of growing permanent charitable capital for the community.”

Among the half of foundation CEOs identifying opportunities, they most frequently mention increased engagement and activism resulting from President Trump’s election. One says, “As I see it, the opportunity lies less in anything the administration is planning than in the counternarrative and countermovements it is sparking. This administration is a disaster for essentially every aspect of our agenda, but the very egregiousness of its behavior is laying the basis for a new social movement. Our focus needs to be on how to leverage that.” Another says, “There has been a notable increase in the civic activism we are seeing in communities. This is a source of strength for our agenda.”

The economy is mentioned as an area of opportunity by some CEOs. One says, “Expanding economic opportunity for people in rural areas is one of our priorities. The new administration professes to share this priority. New public or private investment in rural communities would be helpful if it builds community wealth and creates good jobs (as opposed to stripping community wealth and creating temporary, low-wage, low-benefits jobs).”

While many CEOs see challenges and opportunities in the new administration, some see limited effect on their work. “The change in administrations in Washington has very little impact on our goals and work,” says one CEO. “We view it as we would any other change in administrations.”

SOME SHIFT GOALS AND STRATEGIES

Almost half of foundation CEOs report making—or planning to make—a variety of changes when it comes to their goals, strategies, and grantmaking budget.

Almost 30 percent of foundation CEOs say they are modifying, or planning to modify, at least one of their programmatic goals in light of the change in presidential administrations. CEOs making changes refer to shifts in goals such as, “being more strategic, focused, and targeted in areas of need and in capacity building for organizations that are likely to suffer from the potential changes as a result of the political change,” “an increased focus on supporting high-achieving, low-income students in rural areas,” and increasing “safety-net funding.”



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Figure 3

ALMOST THREE IN 10 FOUNDATIONS ARE MODIFYING THEIR PROGRAMMATIC GOALS

Percentage of CEOs who say:



1% Their foundation is modifying, or planning to modify, **all** of its programmatic goals

45% Their foundation is **not** modifying, or planning to modify, any of its programmatic goals

27% Their foundation is modifying, or planning to modify, **some** of its programmatic goals

27% Not sure/**too soon** to tell

Just over one-fourth of CEOs say they are unsure or that it is too soon to tell whether they will modify goals, and 45 percent say their foundations are not planning to modify any goals. (See Figure 3.)

When it comes to foundation strategies, 36 percent of CEOs say they are modifying, or are planning to modify, at least one of their programmatic strategies, 31 percent are unsure or say it is too soon to tell, and 33 percent report no plans to change their strategies. (See Figure 4.) “May need to focus on making progress at state level more than national,” writes one CEO, adding “also, may need to plan for more defense.” Another says, “We are likely to provide more funding in support of immigrant families.”

“The new administration has completely changed the context for our work,” writes another CEO. “For now, this is primarily cultural, but the regulatory context is sure to follow based on the administration’s own stated goals. Of necessity, we are rethinking our strategies.”

Figure 4

ONE-THIRD OF FOUNDATIONS ARE MODIFYING THEIR PROGRAMMATIC STRATEGIES

Percentage of CEOs who say:



1% Their foundation is modifying, or planning to modify, **all** of its programmatic strategies

33% Their foundation is **not** modifying, or planning to modify, any of its programmatic strategies

35% Their foundation is modifying, or planning to modify, **some** of its programmatic strategies

31% Not sure/**too soon** to tell

“
Being more strategic, focused, and targeted in areas of need.

“
The new administration has completely changed the context for our work.

Of the CEOs responding, over one-third say they will make some change in their grantmaking budget or its allocation. Only one percent say their budget will decrease, while 14 percent say their foundation will increase its grantmaking budget as a result of the shift in Washington. About 20 percent say that while the budget will not change, the foundation’s allocation across program areas will. Another 27 percent say they are not sure or it is too soon to tell. (See Figure 5.)

Figure 5

MORE THAN ONE-THIRD OF FOUNDATIONS ARE CHANGING THEIR GRANTMAKING BUDGETS OR THEIR ALLOCATIONS ACROSS PROGRAM AREAS

Percentage of CEOs who say:



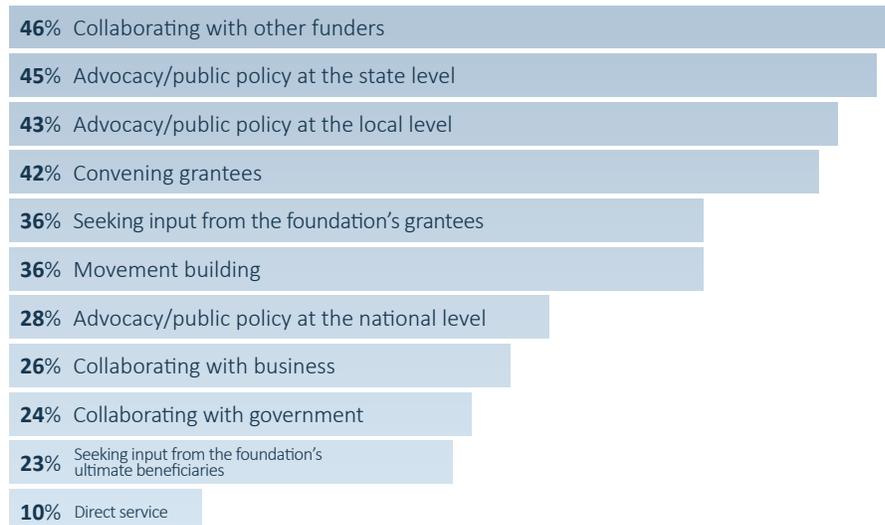
SHIFTING EMPHASES

Although many foundations are not changing goals or strategies, most are planning to make a change of some kind as a result of the recent election. About two-thirds of CEOs are planning to increase their emphasis on at least one practice, and half are planning to increase their emphasis in three or more areas. The most frequently reported areas for increased emphasis are collaborating with other funders, advocacy/policy at the local and/or state level, or convening grantees—each reported by almost half of CEOs. (See Figure 6.)

Figure 6

MORE THAN 40 PERCENT OF FOUNDATIONS TO INCREASE EMPHASIS ON COLLABORATION, LOCAL AND/OR STATE ADVOCACY, AND CONVENING GRANTEEES

Percentage of CEOs who say their foundation will increase its emphasis on:



Most significant in terms of the percentage responding that they plan to increase emphasis on a particular practice was “collaborating with other funders,” which 46 percent said they plan to do. “Play more defense to stop bad things from happening. Collaborate more with other funders,” says one CEO. “We’ll be doing more investments in tandem with other foundations to pursue discrete goals,” writes another.

More than 40 percent also say they will seek to increase advocacy or policy efforts at the state and/or local levels. One CEO says the foundation will be “adding in more resources for advocacy and looking to collaborate more deeply with community partners.” Another explains that his foundation will have a “heavier focus on policy work to safeguard portions of the Affordable Care Act and suggested changes to Medicaid as a safety-net program.” Another describes her foundation as “moving some resources from services to advocacy.”

Slightly more than 40 percent plan to increase their emphasis on convening grantees. One CEO says his foundation will seek “to provide further listening and convening opportunities to those nonprofits directly affected by changes.”



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CHANGING PRACTICES

Almost half of CEOs report that they will make a change in their foundation’s grantmaking practices—in the type of support they provide, the size of grants they provide, or what they provide to grantees beyond the grant check. The most frequently reported plans for change in grantmaking address the provision of assistance beyond the grant and emergency grants—each of these are in the works for almost one-third of foundations.

“We already have a critical/crisis grant process, so we are looking to see whether we need to increase allocation here and administer it in a different way,” says one CEO. “We will likely increase our emphases on emergency response funding and overall (longer term) on safety-net funding,” writes another.

COMMUNITY FOUNDATION PLANS FOR DONORS

Figure 7

ALMOST HALF OF COMMUNITY FOUNDATIONS WILL INCREASE EMPHASIS ON DONOR OUTREACH OR DONOR EVENTS/EDUCATION

Percentage of community foundation CEOs who say their foundation will increase its emphasis on:

46% Donor outreach

46% Donor events/education

RANGE OF RESPONSES TO A CHANGED CONTEXT

Findings from our survey show a wide range of responses to the changed political context. Nearly half anticipate that making progress toward their goals will become more difficult, and a majority are changing or planning to change their goals, strategies, or at least one practice (whether by doing something different or shifting emphasis) as a result of the changed context. Even many of those foundation leaders who see their work as having become more challenging also identify opportunity amid challenge, such as the chance to increase civic engagement or movement-building opportunities.

Foundations are, of course, diverse in their goals, values, and priorities, and so it should come as no surprise that they are not responding to the new context monolithically. We were struck by the seriousness and thoughtfulness of the open-ended responses we received and have included many of them here. We hope this snapshot of foundations at this moment in time is helpful to funders considering their own work and how it may—or may not—be affected by changes in Washington.

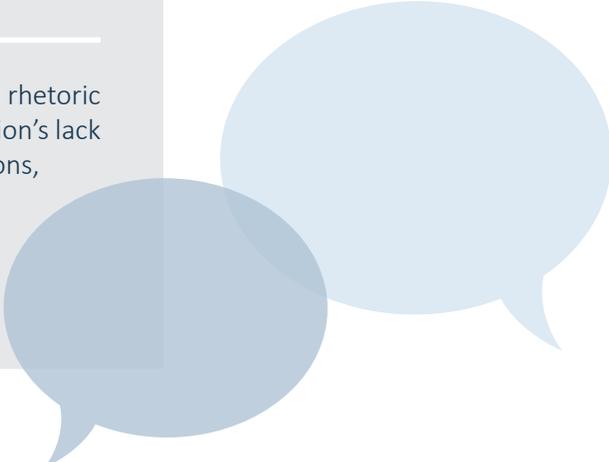
IN THEIR OWN WORDS: FOUNDATION LEADERS ON THE NEW POLITICAL CONTEXT

CHALLENGES

“We are concerned about significant cuts being made to the ACA and other programs that serve the economically disadvantaged. We may not be able to meet the funding needs that may arise.”

“Tax reform—especially the elimination of estate tax, any changes to DAF requirements, and a negative result in charitable deductions—are areas of great concern.”

“Politicization of refugee status is a big issue for us, as is aggressive rhetoric toward the Muslim world. We are concerned about the administration’s lack of commitment, or even outright hostility, toward the United Nations, multilateral systems and treaties, and global development and security agendas.”



“Deporting law-abiding immigrants creates fear and instability in families and communities. As a foundation committed to equity and creating a more just and inclusive local community, we will be doing defensive work trying to minimize impacts instead of proactive work in moving us forward.”

“We’ve been interested in supporting and integrating immigrants and refugees in our community. The agencies that perform this work have already been paring back staff and budgets because of the limitation on the number of new refugees flowing into the United States. We don’t know yet how to help in this regard because we think this limitation will be long term, not short term. We’re reluctant to commit short-term grant money to expenses that may be long term in nature.”

“In the area of environmental conservation, U.S. policies and practices, both at home and abroad, could affect the landscape of opportunity and leverage for foundation dollars. Marked reductions in funding for USAID could affect the capacity of international partner organizations.”

OPPORTUNITIES

“Too early to tell whether the administration’s policies will harm our efforts in education. It seems possible that the administration’s interest in infrastructure could benefit a regional economic development project in which we are engaged.”

“Charter school emphasis is welcome.”

“We are interested in accountability across all sectors in U.S. education, and we see opportunities to deepen the conversation around accountability in private school choice/voucher programs.”

“I believe the racist rhetoric and actions coming from this administration are emboldening many more people to publicly and more deeply stand up against racism and to acknowledge how rooted it is in all our systems. This gives us an opportunity to continue to build momentum toward building a more equitable region.”

“The only potential positive opportunities are in rumored infrastructure investments possibly creating employment opportunities for unemployed adults. Beyond that, the expected changes are all negative in terms of impacts on low-income people: dismantling health care; curtailing reproductive rights; destroying the environment; enabling more predatory financial products; defunding public education; restricting food stamps, TANF benefits, child care; persecuting immigrants and religious minorities. It’s Armageddon for low-income people, people of color, women, and children in the United States.”

“It is too soon to see how campaign promises that could impact our focus areas will translate into new policies, laws, or regulations. However, the promise to provide more autonomy and flexibility to states—if it comes to fruition—could have a positive impact on the foundation’s funding priorities.”

Phil Buchanan is president of CEP and Ellie Buteau is vice president, research, at CEP.

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