



NATIONAL CENTER FOR
FAMILY PHILANTHROPY

TRENDS 2020

RESULTS OF THE SECOND NATIONAL BENCHMARK
SURVEY OF FAMILY FOUNDATIONS

FOUNDATION GIVING IDENTITY Newer Foundations Focus on Issues

- Older and larger family foundations focus their giving geographically, while the vast majority of newer family foundations (those formed since 2010) focus their giving on issues.
- Compared to *2015 Trends Study* results, the oldest foundations are slightly more likely to be place-based than they were five years ago, while the newest foundations are significantly more likely to focus on issues than they were five years ago.

FIGURE 1: DOES THE FOUNDATION CONSIDER ITSELF TO BE FOCUSED BY GEOGRAPHY, ISSUE, AND/OR RACIAL/ETHNIC/CULTURAL IDENTITY?

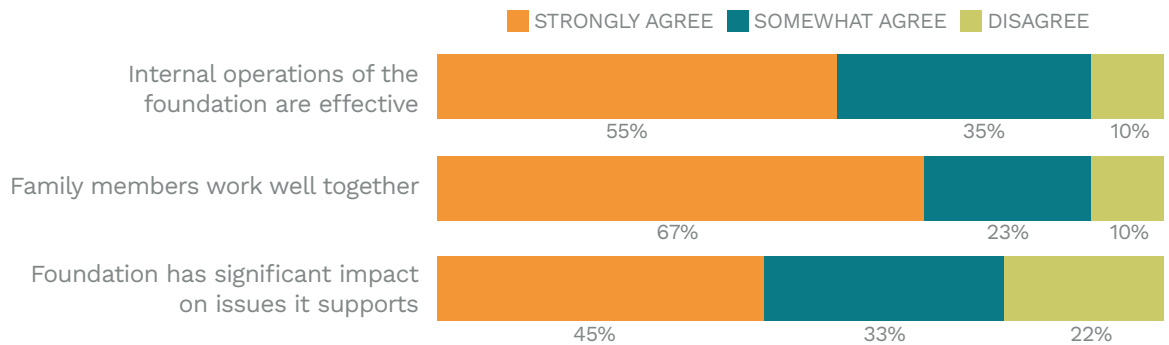
By year established

	TOTAL	YEAR ESTABLISHED			
	SAMPLE	BEFORE 1970	1970 TO 1989	1990 TO 2009	2010 OR LATER
Geographically focused	64%	81%	71%	63%	46%
Issue focused	54%	40%	47%	53%	82%
Racially/ethnically/culturally focused	4%	4%	11%	2%	4%
None of the above	8%	12%	8%	8%	1%

FOUNDATION EFFECTIVENESS Family Relationships and Good Governance Lead to Impact

- Most family foundations say that family members who are engaged in their foundation work well together. The majority also consider their internal operations to be effective. In general, they feel there is room for improvement with regard to the level of impact they are having.
- Foundations that report being “very effective” across these three key measures (operations, family dynamics, and impact) appear to place a much higher priority on governance, and are somewhat less likely to focus on learning about grantmaking and focus areas or issues. These foundations are also more likely to have formalized governance practices and written policies.
- Foundation impact appears to be primarily correlated with effective governance structures and family members working well together, and less so on having effective internal operations.

FIGURE 2: HOW EFFECTIVE DO FAMILY FOUNDATIONS THINK THEY ARE REGARDING OPERATIONS, FAMILY DYNAMICS, AND IMPACT?

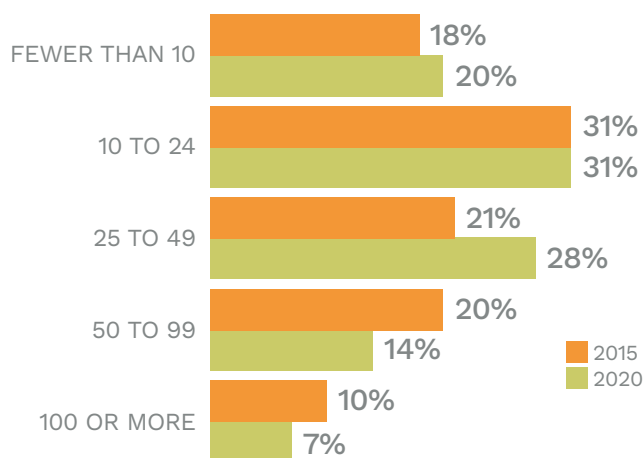


FOUNDATION GIVING

New Family Foundations Focus on Economic Inequality

- Giving amounts have grown since this study was last completed in 2015. However, while giving has increased, the number of grants awarded each year have declined somewhat, indicating there are fewer but larger grants.
- Consistent with findings in 2015, the top two focus areas for family foundations are education and poverty.
- Newer family foundations (those created in 2010 or after) appear to have significantly different giving priorities, with far more focused on economic inequality and/or basic needs funding (including poverty, hunger, or homelessness and economic opportunity/inclusion), and significantly fewer focused on education.
- Family foundations continue to use a variety of grantmaking strategies, with a majority reporting the use of multi-year grants and general operating support grants. Nearly half say they use capacity-building grants as an important part of their strategy, representing a decrease from 2015. Newer foundations are significantly more likely to engage in all of these strategies.

FIGURE 3: NUMBER OF GRANTS IN PAST YEAR
2015 vs. 2020



PERCENT GIVING 50 OR MORE GRANTS
By year established

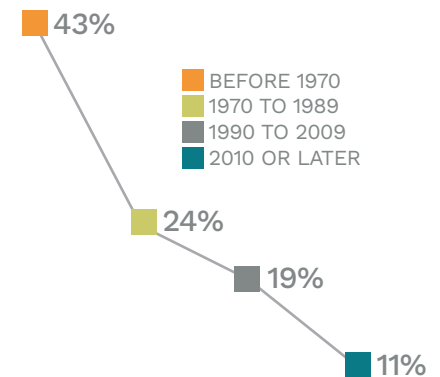


FIGURE 4: AMOUNT OF GIVING IN THE PAST YEAR

2015 vs. 2020

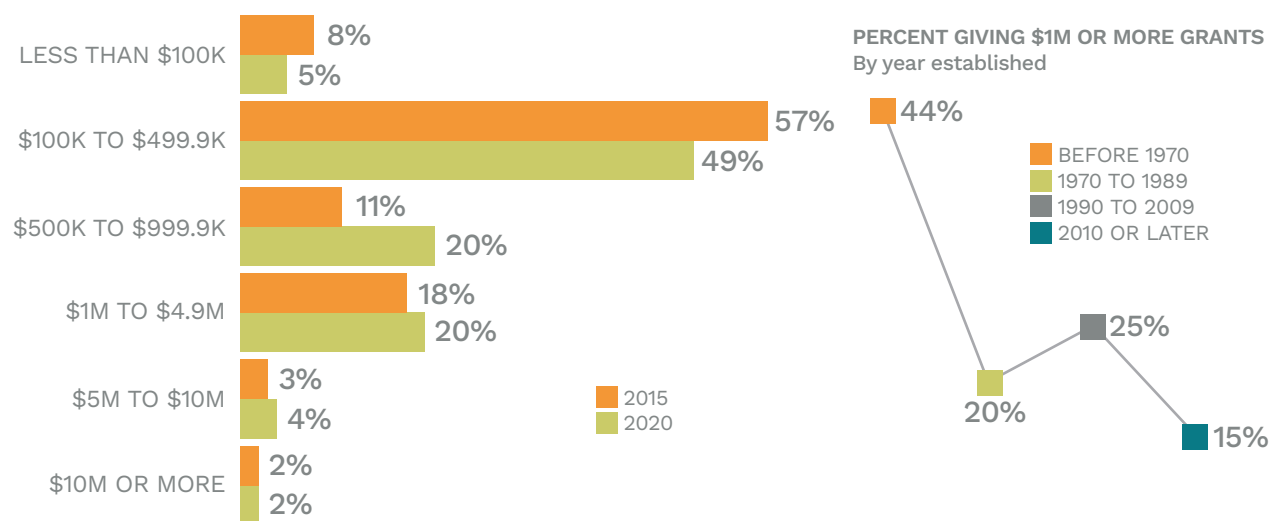


FIGURE 5: ISSUE FOCUS

By year established

	SAMPLE	BEFORE 1970	1970 TO 1989	1990 TO 2009	2010 OR LATER
Education, college access, literacy	38%	41%	36%	44%	23%
Poverty, hunger, homelessness	27%	28%	3%	19%	64%
Social services, family services	25%	19%	6%	28%	33%
Healthcare, health, wellness, nutrition	18%	13%	12%	20%	20%
Environment, sustainability, climate	18%	17%	23%	20%	10%
Economic opportunity/inclusion, jobs, workforce, employment, job training	18%	5%	13%	13%	41%
Community initiatives, services and development (arts, culture, etc.)	17%	28%	26%	17%	6%

IMPACT INVESTING AND PAYOUT

Newer Family Foundations Lead the Way

- The number of family foundations currently engaged in mission/impact investing has doubled since 2015. Plans to institute or continue expanding mission/impact investing are also up overall from 2015, with nearly one-fourth of all family foundations saying they will institute mission/impact investing in the near future and nearly 30% planning to expand this type of investing.
- Foundations created since 2010 are also much more likely to use program related investments (PRIs) and pursue other mission-related or impact investing approaches.
- These foundations also appear to have very different plans with regard to overall assets and payout strategy. The majority of newer foundations expect to receive additional assets in the next four years. Approximately half plan to increase their payout rate (vs. just over a quarter of all others) and more than half plan to expand their current mission investing. One in three will institute mission or impact investing for the first time.

FIGURE 6: ANTICIPATED CHANGES TO ASSETS IN NEXT FOUR YEARS
2015 vs. 2020



FIGURE 7: ANTICIPATED CHANGES TO ASSETS, PAYOUT, AND INVESTMENT STRATEGY
By year established

	BEFORE 2010	2010 OR LATER
Receive additional assets	26%	60%
Expand mission or impact investing	25%	55%
Increase payout rate	26%	50%
Institute mission or impact investing	17%	37%
Change in investment strategy	18%	30%
None of the above	33%	3%

FOUNDER PRESENCE AND DONOR LEGACY

Active Involvement and Adherence to Intent

- Founders remain actively involved in most family foundations, although this has declined slightly since 2015. Foundations consider a founder’s involvement beneficial in several ways, including the founders’ ability to share their values/interests and their community connections.
- Most family foundations have a clear understanding of their founder’s intent and adhere very closely to that intent.
- Founders have different perspectives than other family members or non-family staff about family dynamics, governance, and impact. Founders are much more likely to feel that older and younger generations are interested in different issues, but less likely to say that generations have different opinions about how to achieve impact.
- Founders are much less likely to express interest in measuring the impact of the foundation’s giving, to place value in communicating the goals and results of the foundation’s giving, or to look for ways to formally integrate outside perspectives into the grantmaking process and/or governance structures of the foundation.

FIGURE 8: FOUNDER INVOLVEMENT

By year established

	SAMPLE	BEFORE 1970	1970 TO 1989	1990 TO 2009	2010 OR LATER
Yes	56%	10%	28%	65%	95%
No	44%	90%	72%	35%	5%

FIGURE 9: EXTENT TO WHICH FOUNDING DONORS’ INTENT IS FOLLOWED

	SAMPLE	ACTIVE FOUNDER	FOUNDER NOT INVOLVED
Very closely	65%	76%	51%
Somewhat closely	26%	20%	35%
Not very closely	3%	0%	6%
There is disagreement or lack of clarity regarding the donors’ intent	1%	2%	1%
Does not apply, the founding donor(s) did not have a specific intent	4%	2%	7%

FIGURE 10: PERSPECTIVES ON TRANSPARENCY, COMMUNICATIONS, AND ASSESSMENT
By role of respondent

	FOUNDERS	ALL OTHERS
We use at least one tool or channel to communicate with external audiences	38%	83%
We integrate outside perspectives	39%	72%
We communicate or solicit feedback about our giving priorities or process	53%	91%
We assess the impact of our giving	58%	92%

ENGAGING THE NEXT GENERATION

Opportunities for New Leaders

- More than half of family foundations have multiple generations serving on their board. One in ten have three or more generations serving on the board. One-third have at least one member of the third generation on the board, but less than one in ten have family members from the fourth generation or beyond.
- Most family foundations actively engage next-gen leaders in one or more ways. The vast majority provide their next-gen with opportunities to formally participate in grant decision making, either by having a formal next-gen board, allowing next-gen family members to participate in grant decisions, or allowing some other level of participation in governance.
- More than one in three family foundations plan to increase younger family member board representation over the next four years and almost the same number plan to give younger family members more say in the operations and giving decisions.
- Common issues related to generational dynamics include challenges related to time constraints and differing interests across generations. Geographic dispersion of family members is also a common challenge for foundations of all ages.

FIGURE 11: ANTICIPATED CHANGES TO BOARD AND STAFF IN NEXT FOUR YEARS
2015 vs. 2020

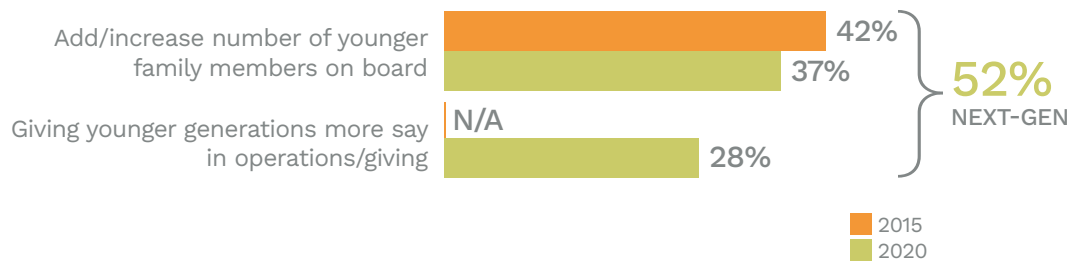


FIGURE 12: METHODS FOR ENGAGING THE NEXT GENERATION

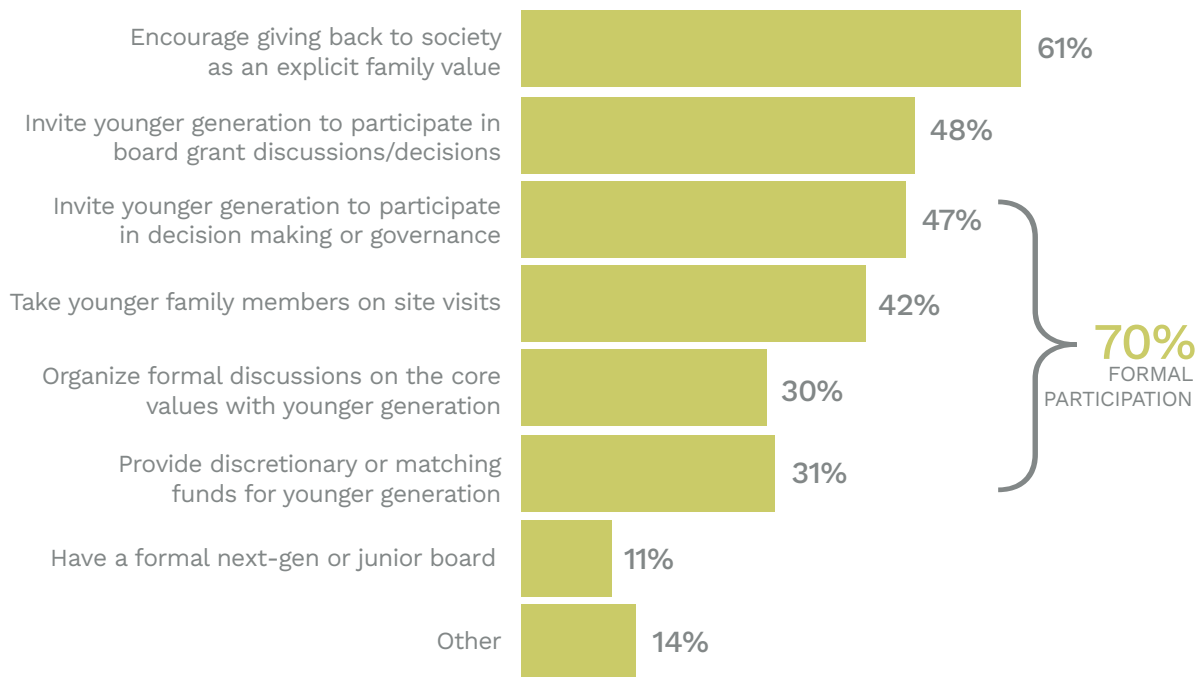


FIGURE 13: EFFECT OF GENERATIONAL DYNAMICS ON FOUNDATIONS

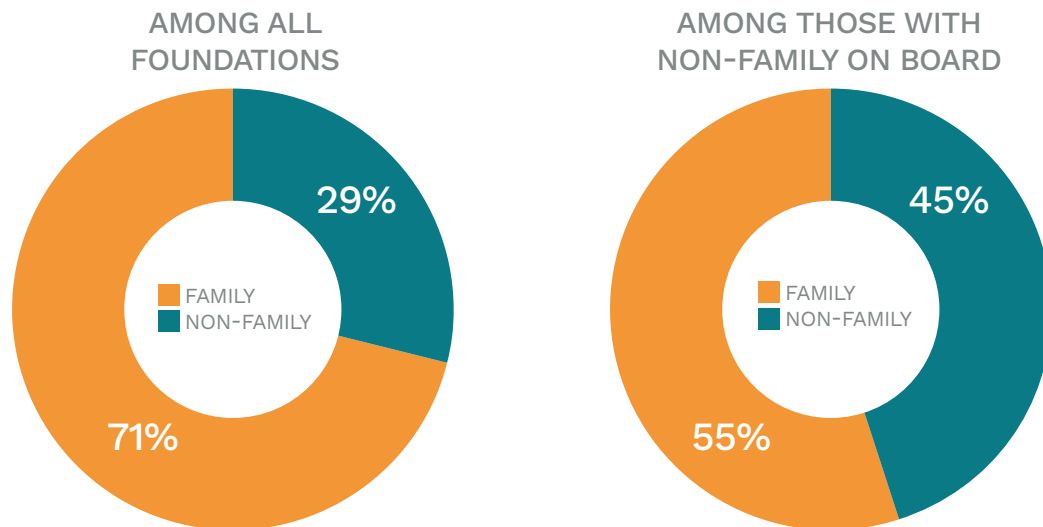
	SAMPLE
Younger generation does not have time to be actively involved	33%
Older and younger generations are interested in different issues	28%
Generations have different opinions about how to achieve results and impact with funds	17%
Younger generation has moved away from the primary geographic location of the foundation's focus	15%
Older and younger generations have different values	13%
Older generation is reluctant to share decision-making power with younger generation	12%
Conflicting political/social/religious views between generations	8%
Generations have different opinions on how transparent the foundation should be regarding its giving/grants	8%
Conflicting views about wealth between generations	6%
Generations differ in their desire for technology (e.g. having a website, online grant application)	6%
None of the above	34%

GOVERNANCE AND STAFF

More Diversity and Non-family Leaders

- Two-thirds of family foundation boards include non-family board members. The total number and percentage of non-family board members as a percentage of family foundation boards has grown significantly over the past five years. Foundations created since 1990 are significantly more likely to have at least three non-family board members. On boards where there is at least one non-family member, non-family makes up close to half of all board seats.
- The gender distribution of family foundation boards continues to be fairly even. About one-third of foundation boards include at least one person of color, and about one in ten have LGBTQ representation.
- Nearly 70% of family foundations have non-family staff working for the foundation. About 60% have family staff members serving in staff roles. However, nearly half say an unpaid family member manages the daily operations versus a paid non-family staff member. Approximately one-quarter have a paid family member responsible in part for daily operations.
- Fully one in three family foundations have Diversity, Equity, and Inclusion (DEI) initiatives in their future plans. Currently, 25% use DEI goals/strategies to guide giving, 16% use outside DEI experts, and 15% say DEI considerations are very influential to their giving approach. DEI considerations are significantly more common in family foundations formed in the past 10 years.
- Newer family foundations are much more likely to report that they assess DEI outcomes and analyze the racial/ethnic/other demographics of grantees.

FIGURE 14: FAMILY/NON-FAMILY BOARD COMPOSITION



ACROSS ALL FAMILY FOUNDATIONS, **71%** OF BOARD POSITIONS ARE HELD BY FAMILY MEMBERS

FIGURE 15: PRESENCE OF FAMILY AND NON-FAMILY STAFF

By year established and asset size

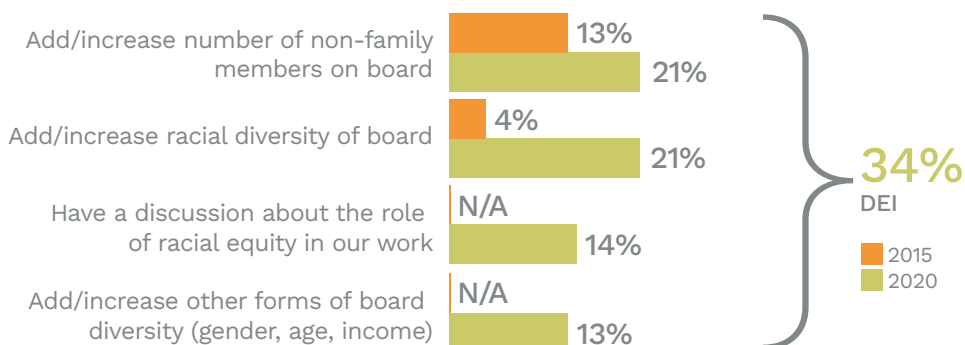
	CREATED 1989 OR OLDER AND GIVING OF			CREATED 1990 OR NEWER GIVING OF		
	LESS THAN \$1M	\$1M TO 4.9M	\$5M OR MORE	LESS THAN \$1M	\$1M TO 4.9M	\$5M OR MORE
Both	42%	46%	47%	41%	53%	69%
Non-family Only	14%	46%	47%	26%	27%	23%

FIGURE 16: FUTURE EVALUATION AND TRANSPARENCY PLANS AMONG THOSE WITH PAID NON-FAMILY STAFF RUNNING DAY-TO-DAY OPERATIONS

In next 4 years, foundation has plans to...	HAVE PAID NON-FAMILY STAFF	DO NOT HAVE PAID NON-FAMILY STAFF
Expand reporting about the foundation	45%	16%
Report demographics of your board, staff, and/or grantees	53%	20%
Initiate/expand data collection on outcomes or impacts	41%	12%
Initiate/expand evaluation of grantees or clusters of grantees	26%	11%
Initiate/expand opportunities for grantees to provide feedback	38%	20%
None of the above	20%	56%

FIGURE 17: ANTICIPATED CHANGES TO BOARD AND STAFF IN NEXT FOUR YEARS

2015 vs. 2020



TRANSPARENCY AND COMMUNICATION

Opinions and Approaches

- Family foundations appear to have become more transparent in their external communications during the past five years with regard to giving priorities and processes, but continue to have differing opinions about the value and importance of this transparency.
- The majority of family foundations use at least one type of channel to communicate externally. Social media use (in particular Facebook and Twitter) and blogs are less prevalent across all family foundations, yet are more popular among larger foundations.
- Fewer family foundations are accepting unsolicited inquiries or proposals. Family foundations that self-define as “very effective” appear to be much less likely to accept unsolicited letters of inquiry and/or proposals, yet significantly more likely to solicit feedback from grantees, and somewhat more likely to tell grant applicants why their proposal was declined.
- The newest family foundations also appear to place a higher value on transparency with grantees; they are much more likely to communicate reasons why proposals are declined, more likely to solicit feedback from grantees, and much more likely to engage community leaders, issue-area experts, other grantmaking family foundations, and DEI specialists.

FIGURE 18: METHODS OF EXTERNAL COMMUNICATION
2015 vs. 2020

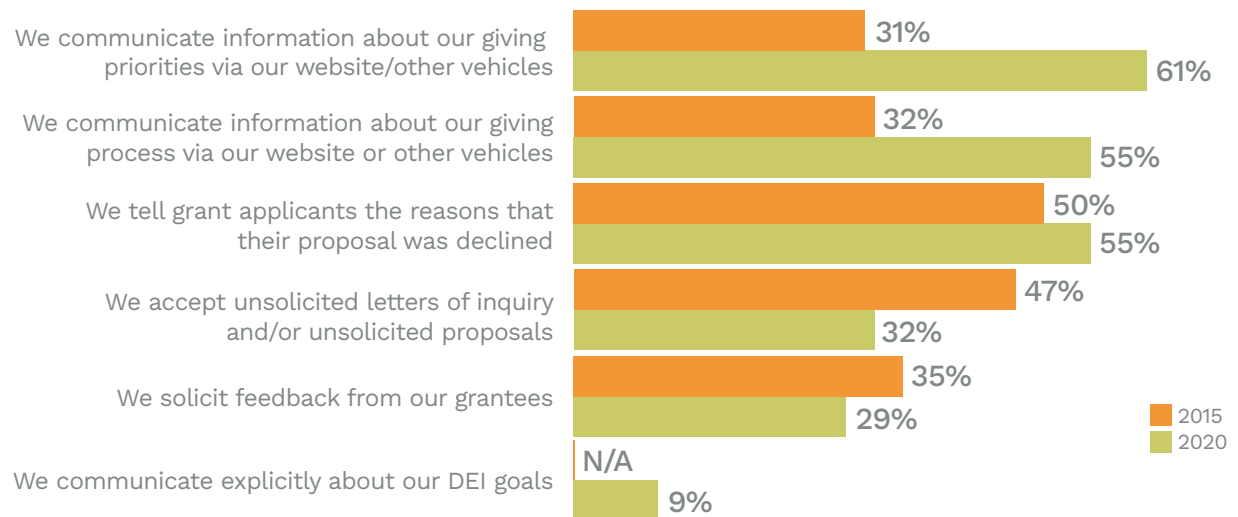
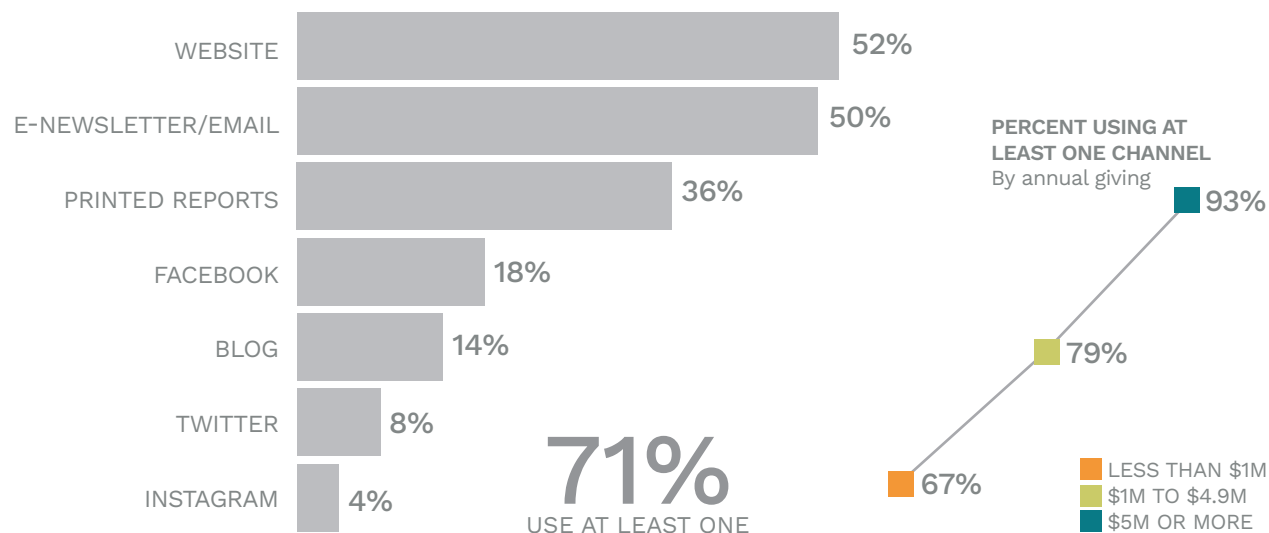


FIGURE 19: TOOLS AND CHANNELS USED TO COMMUNICATE EXTERNALLY



NCFP’s *Trends 2020 Deep Dive Issue Briefs* series will provide the family philanthropy community with examples, insights, and analysis to help make NCFP’s *Trends 2020* benchmarking survey “come alive” and guide governance and grantmaking practices for current and future family foundations around the US. Expected topics in this special series include:

- 2020 Trends in Limited Lifespan Family Philanthropy
- 2020 Trends in Family Foundation Grantmaking Practices
- 2020 Trends in Family Foundation Communications and Transparency Strategies
- 2020 Trends in Family Foundation Leadership Transitions and Succession Planning
- 2020 Trends in Family Foundation Founder Involvement and Legacy
- 2020 Trends in Advancing Racial Equity, Diversity, and Inclusion in Family Philanthropy

ABOUT THE NATIONAL CENTER FOR FAMILY PHILANTHROPY

The National Center for Family Philanthropy (NCFP) is the only national nonprofit dedicated exclusively to families who give and those who work with them. NCFP provides encouragement, community, and the resources families need to transform their values into effective giving that makes a lasting impact on the communities they serve.



STUDY METHODOLOGY

NCFP engaged Phoenix Marketing International (“Phoenix”) to design and conduct a nationally representative survey of family foundations, with oversight by a diverse advisory committee of knowledgeable practitioners.

NCFP and Phoenix collected information about family foundations through a 52-question, mixed-mode survey (i.e., mail, web, and telephone) conducted between February and May 2019.

The survey yielded 517 responses, exceeding total responses in 2015 by more than 50%. The Foundation Center’s family foundation database was used to design the sampling frame and was the primary sample source. In total, we invited 2,500 family foundations in the Foundation Center’s database to participate in the survey.¹ To be eligible, a foundation had to have assets of at least \$2 million or annual giving of at least \$100,000. We used a random sample of 2,000 family foundations, in addition to an oversample of 500 large foundations that have \$25 million or more in assets and annual giving of at least \$100,000.

In addition to this random sample, family foundations were invited to opt-in and complete the survey online by NCFP and its partner organizations.

ABOUT PHOENIX MARKETING INTERNATIONAL

Founded in 1999, Phoenix Marketing International has over 400 employees across seven offices in the US, as well as offices in Hamburg, Shanghai, Mexico City, and London. Phoenix MI is considered one of the top research firms in the US and is one of the fastest-growing market research firms globally, working in all major industries. Phoenix MI helps its clients build and measure brands and communications, create and refine the products and services that they deliver, and optimize their customers’ experience.

THANK YOU TO OUR LEAD SPONSOR AND COLLABORATOR



¹ The Foundation Center and GuideStar merged in early 2019 and formed a new entity now known as Candid.