

# Leadership in Difficult Times: Guidance for Donors and Giving Families

Responding to the Emerging  
COVID-19 and Economic Crises

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NATIONAL CENTER FOR  
FAMILY PHILANTHROPY





# Contents

Introduction..... 1

I. Where do we start?..... 2

II. How can we take care of ourselves, our family, and our team? ..... 4

III. How can we reduce uncertainty for our grantees?..... 6

IV. How can we support the health of our communities? .....7

V. How can we strengthen the health of our grantees?..... 8

VI. How should we look ahead to the long-term impact on our giving? .....10

About NCFP .....11

About the Authors.....11

Special Thanks .....11

# Introduction

News, advice, and responses are quickly evolving regarding the global Novel Coronavirus Disease (COVID-19) outbreak and the related global economic downturn. The impact of the dual crises creates anxiety but also inspires generosity and compassion even as the uncertainty of what happens next shakes our confidence.

Giving families<sup>1</sup> and funders from across the globe are seeking advice on how they can turn their cares and concerns into action. Many are contacting the National Center for Family Philanthropy (NCFP) to ask questions, to share their strategies, and to share their fears and concerns for their families, their communities, their staff members and advisors, and their abilities to continue their philanthropic legacies.

We at NCFP understand and share those fears and concerns. We know that times of crisis make it hard to maintain your personal health and your family's health while also supporting the vital work of nonprofits, social enterprises, and front-line responders.

Fortunately, over the years, we have seen generous families adapt, scale, and use nimble speed during recessions, downturns, natural and man-made disasters, and other heartbreaking tragedies. Responding with time, talent, and treasure can serve as a unifying opportunity for families and a valuable teaching moment for rising generations.

We offer this guide as an initial compilation of lessons and inspirations to help you act in the near-term. It shares ideas and resources from giving families, family funders, philanthropy organizations, philanthropic advisors, and NCFP's team, many drawn from responses to previous crises. The guide will help you answer such questions as:

- I. **Where do we start?**
- II. **How can we take care of ourselves, our family, and our team?**
- III. **How can we reduce uncertainty for our grantees?**
- IV. **How can we support the health of our communities?**
- V. **How can we strengthen the health of our grantees?**
- VI. **How should we look ahead to the long-term impact on our giving?**

Please stay tuned to NCFP's new [COVID-19 Resources](#) page as we roll out peer learning opportunities, curated resources, and additional advice on shoring up the health of your communities, grantees, and philanthropic vehicles in the mid-term and long-term. In the meantime, we encourage you to share this initial guide with your family, board members, colleagues, and any others that you think can benefit from the suggestions included.

<sup>1</sup>A note on language: In this guide, we'll use the term "giving families" for generous families, however you define family, whether or not you use formal philanthropic vehicles like a private foundation, donor-advised fund, or family business giving programs. We'll use the term "family funders" to describe families with formal philanthropic vehicles.

# I. Where Do We Start?

Tools such as family foundations and DAFs exist to serve two purposes: to fulfill a philanthropic mission and to keep family members connected to each other and to a shared family legacy. Stressful and uncertain times can upset family agreements about such mission and shared legacy and the balance between the two aims. Family, board, and staff members of all personal levels of income and wealth will feel heightened anxiety about their financial security and their ability to give. Their relationship with the family fund will change as they refocus time and energy on immediate needs at home or changed professional circumstances. Conversely, they may look to the foundation for extra help in supporting their favored nonprofits and causes.

**In times of crisis and uncertainty, we suggest you start with the following three steps.**

## 1. Breathe deep, step back, and extend grace

Human beings have varied decision-making styles. We naturally differ in tolerances for risk, process, change, storytelling, debate, and more. And, we all make decisions in ways that are anything but rational, as our cognitive biases provide mental shortcuts that easily mislead us even in the best of times. Stress, fear, and tiredness make us more susceptible to unconscious biases and can turn differences in decision-making styles into full-on family arguments.

You'll better serve yourself, your family, your staff, and your grantees if you step back and:

- Build in time for quiet reflection and practices such as mindfulness.
- Watch those around you for signs of stress turning into real emotional suffering and mental health problems.
- Purposely seek alternate viewpoints and evidence that disproves your own assumptions.
- Go out of your way to extend patience, forgiveness, and grace to those with different decision-making styles, points of view, and risk tolerances.
- Refocus on the [10 Habits of a Healthy Family Culture](#) outlined for NCFP by Courtney Pullen, an individual and family coach.

For more tips on navigating difficult times and the inherent risks involved in these moments, refer to the NCFP Issue Briefs [Difficult Discussions at Difficult Times](#) and [Expanding Your Comfort Zone: a Window into Risk in Family Philanthropy](#).



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*“We’re a close and engaged family, but suddenly it wasn’t enough to discuss dispassionately issues of concern; we needed to tell one another what we really believed in. We raised significant and probing questions not only about what was happening in our country and how it should respond to terrorism, but also about what kind of country we wanted to have. We talked about our love for one another, our common values, and how we, individually and collectively, should respond.”*

– Curtis Meadows, Former President of the Meadows Foundation, speaking of the days following the terrorist attacks of September 11, from “Difficult Discussion in Difficult Times”

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You’ll find more information taking care of yourself and your team in Section II and reducing uncertainty for your grantees and community in Section III.

## 2. Play to Your Strengths

Your giving family already has a giving or granting style—a way that feels most natural for you to make a difference. Your *philanthropy comfort zone* if you will. It might be focusing on a specific region or specific issue. It might be connecting with and giving directly to individuals and direct service providers, or it might be “going upstream” to work on policy change. It might be focusing your giving on organizations you know really well, or it might be focusing on organizations that others have rated as highly-effective, evidence-based practices.

**None of those answers are wrong.** Nonprofits of all shapes, sizes, and sectors will be negatively affected in the coming months, and none can forecast the long-term impact on their operations, programs, and the people they serve. A great starting place is to indeed play to your strengths—reach out to your current favored nonprofits and listen with an open heart to their answers to these questions:

- What are your greatest needs right now? What do you think they’ll be in a few months?
- Are there certain groups of people or communities you’re most concerned about now? What about later this year?
- How can we help you most right now?
- How can we best share what you need with other families or funders like us?

**Have limited time and capacity?** Use an intermediary. Trusted intermediaries such as community foundations, United Ways, Jewish Federations, and arts councils are establishing relief funds around the country, many seeded with support from family funders and family businesses. And major internal relief and medical organizations are establishing similar funds.

**Waiting is OK too.** Many donors and family funders may wish to follow informed strategies for giving based on helping in past disasters and downturns. Choosing to act after the rush of initial donations and instead supporting the long-term efforts to rebuild lives, communities, economies, and nonprofit sustainability may be the strategy that works best for you.

You’ll find recommendations for using your time, talent, and treasure in Sections IV and V.

*“The current situation is not solely a health issue. What might it mean for hourly workers in the arts, travel and tourism, and many other sectors? For immigrants? For the uninsured? How will the virus threat affect the critically important United States Census 2020? Our courts? Our schools? Some of these impacts have not yet been felt, but they have powerful longer-term implications—and we’ll be looking at where we can be most effective.”*

– Ted McEnroe, Senior Director for Communications and Digital Media, Boston Foundation, from *On the Frontlines of a Pandemic, Local Philanthropy Scrambles to Respond*

## 3. Stretch Yourself and Prepare for the Long-Run

*That said, the combined health and economic challenges we’re facing around the world are unprecedented.* The federal government is making contingency plans for the COVID-19 pandemic to last 12-18 months or longer. Most economists believe the US will enter a multi-quarter recession. There are similar predictions for the global pandemic and global economy.

Your hearts, and ours, are breaking when we see the toll on our most vulnerable neighbors. And, our collective frustration will mount as we see the combined challenges exacerbate existing divides, injustices, and inequities in the US and around the world.

The advice we hear most often? **The next few months are the best time to stretch beyond your philanthropic comfort zone.** You’ll find examples of other family funders and giving families stretching and flexing in Sections V and VI.

*“There is no question, we will get through this. We will develop new muscles and emerge on the other end of this with new skills and stronger than ever before. To get there, however, we must first lose ourselves (and our silos) in a sea of “we” to form a unified coalition of funders, nonprofits, and government like never before.”*

– Sidney R. Hargro, President of Philanthropy Network Greater Philadelphia

### Consider Signing the Pledge

A few foundations and philanthropy organizations developed the Call to Action: Philanthropy’s Commitment During COVID-19, a set of effective, grantee-centered practices in times of crisis. You can join a growing number of funders who are publicly signing the pledge at <https://www.cof.org/news/call-action-philanthropys-commitment-during-covid-19>

## II. Ensuring the Health of You and Your Team

*For some of us, this moment is deeply disorienting. For others, it is catastrophic; as the exquisitely balanced arrangement of finances, childcare, work and more comes crashing down when shifts are cancelled and nonexistent sick time is required. Across the board, COVID-19 is upending people's ability to meet core needs for wellbeing."*

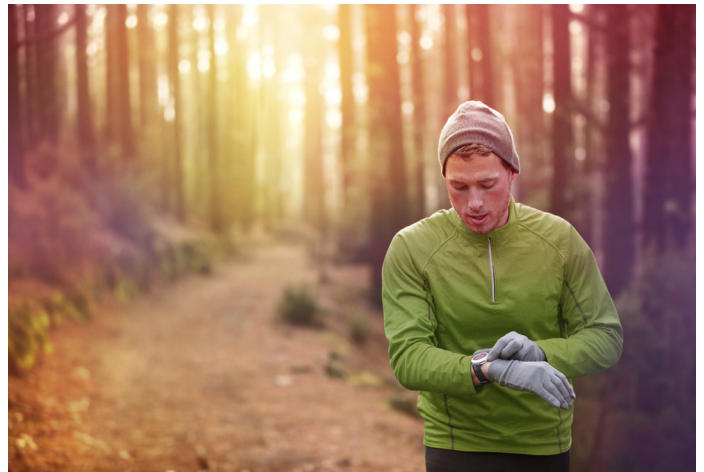
– Katya Fels Smyth, Founder and CEO, Full Frame Initiative

### “Don’t Forget Self-Care

Airline safety instructions suggest we attach our own oxygen mask before helping others. It is easy to forget about self-care during this difficult time. Take time to take a break, go for a walk, meditate, or talk to a friend. To help others, lead effectively, or support, you need to be your best self. We found these four resources particularly helpful in managing stress related to the current pandemic:

- [Wellbeing Orientation for Uncertainty and Stress in the Time of COVID-19](#) – 6 steps from the Full Frame Initiative
- [Coronavirus Anxiety: Coping with Stress, Fear, and Uncertainty](#) – practical advice from HelpGuide, a national mental health and wellness nonprofit
- [11 Things You Can Do to Manage Your Coronavirus Anxiety](#) by Deborah Sison, LICSW, for WBUR
- [Anxiety and Purpose: How to Handle the Stress Around Covid-19](#) by Six Seconds, the Emotional Intelligence Network

Business and nonprofit management publications have been discussing the benefits of practicing mindfulness for many years, with [research](#) showing that when leaders are stressed, their anxiety is felt across an organization. We encourage you and others on your family philanthropy team to explore the many free apps and online videos available for mindfulness, exercise, yoga, and other ways to clear your heads. As just one example, on a recent [Successful Generations](#) Podcast, NCFP President Nick Tedesco shared his own favorite tool for mindfulness and relaxation—the [4-7-8 Breath](#).



### Preparing a Healthy Work Environment

Most offices are closing and/or sending all employees to work from home. Funders and nonprofits are encouraged to follow the CDC's evolving [guidance for employers](#) and OSHA's guidance for [protecting workers during a pandemic](#). They're also working with their legal counsel, insurance provider, HR consultant, local chamber of commerce, or other experts to update internal Business Continuity Plans or Contingency Plans and Employee Manuals to accommodate changing federal and state policies.

At NCFP, we've taken two initial, important steps. First, we issued a memo asking staff to work from home during this crisis, with an understanding that parents and others may have additional responsibilities (like young children at home) and we will work with them.

Second, we are making space for staff to do what is important and needed. Staff may need to be caregivers or themselves may be immunocompromised. We have an open door for staff to alert their managers or our CEO about any of their needs.

NCFP doesn't have the expertise to provide official legal or human resources advice, but we recommend the following resources as employees transition to remote or virtual work:

- **Remote Workers and Telecommuting Practices for Nonprofits** – a page of practice pointers, sample policies, and related advice from the National Council of Nonprofits
- **Nonprofit Resources for Remote Work During the COVID-19 Outbreak** – tips and a webinar recording for choosing and using software and communications solutions from TechSoup (note that private foundations are eligible for some discounts through TechSoup)
- **How to Facilitate Effective Virtual Meetings** – practical advice from nonprofit meeting guru Beth Kanter
- **How to Get People to Actually Participate in Virtual Meetings** (*Harvard Business Review*)

**Have you updated your HR policies or developed a work-from-home policy in response to the current crisis? If so, and you are willing to share with others, please send to [ncfp@ncfp.org](mailto:ncfp@ncfp.org).**

In these stressful times, we also recommend you take extra steps to consider:

- **Equity and power dynamics.** Some staff and family members will be hesitant to express the fact that they may need extra help or are running into more challenging situations at home. Be sensitive to differences in professional experiences, income levels, status, racial and cultural customs, generational communications, family relationships, and more. Thoughtful funders and businesses are going out of their way to provide support ranging from buying upgraded internet access and tech support to providing more flexible work schedules.
- **Mental health and emotional suffering.** Staff and family members may not reveal elevated levels of anxiety or depression triggered by the pandemic and pending recession. Societal stigmas around mental health and the equity and power dynamics previously described will bias them to hide their problems from managers and family elders. The **Campaign to Change Direction** quickly helps anyone identify 5 signs of emotional suffering and has materials that are easy to share via social media. Thoughtful employers will also work with their insurance provider to proactively communicate mental health resources and services during times of stress and crisis.



### III. Reducing Uncertainty: Communicating with the Public

We encourage you to proactively assure your community partners that you are aware of the challenges they will be facing in the weeks and months to come. The Communications Network, a national philanthropy group, has a free [Coronavirus Crisis Comms Triage Kit](#), which includes best practices for crisis communications and evolving lists of example messages. In [guidance to its members](#), Northern California Grantmakers notes the importance of philanthropy “serving as a trusted resource for actionable communications that lead with empathy and support grantees to prevent the spread of disease, preserve well-being, maintain social cohesion, and respond to economic hardship.”

The communications we’ve seen from family funders and family businesses show they care in four ways:

1. Their communities – showing empathy and solidarity with neighbors and vulnerable populations; reinforcing local or state health messages and contacts
2. Their teams – cancelling meetings, working from home, closing the offices
3. Continuity of operations – paying existing commitments on time, being available virtually, updated contact instructions
4. Grantees – offers of flexibility in reporting, grant budgets, and other processes; offers of emergency grants and other assistance (see the next section for more ideas).

Examples of how family funders are showing support and lessening some of the stress and anxiety grantees are feeling include:

*We want to hear from you to understand the challenges you are facing. We know that the rapidly changing nature of this crisis and the dramatic ways it is touching all corners of the region will likely affect your ability to carry out work you had planned to do. We offer our flexibility during this time and encourage you to be in touch with your Partnerships and Strategy Director if there are ways we can be helpful to you.*  
– Meyer Foundation

*Clearly, this international health emergency will affect us all in numerous ways over the coming weeks and perhaps months. We hope we all remain well, and that this period of instability passes quickly, but we accept that many previously solid plans will be disrupted by the repercussions of COVID-19. Should COVID-19 response disrupt your work or your organization’s ability to operate as planned, your Walter and Elise Haas Fund program officer is within reach. Reach out by phone or email and let us know what you’re facing and how we can adapt together.*  
– Walter & Elise Haas Fund

*The sudden rise of a pandemic starkly reminds us of what we hold dear. At McKnight, we value scientific integrity and the work of researchers, public health officials, and medical responders. We value equity, mindful that the disruptions will hit some communities harder than others. And we value inclusion, which means we reject any efforts to use this public health challenge to sow divisiveness or discriminate. This is a time to come together, to recognize our profound interdependence, and to care for one another. Thank you for your understanding as, together, we navigate this unprecedented situation.*  
– McKnight Foundation

Other examples of effective emails and webpages include:

- [Barr Foundation: A Message to Our Grantees on COVID-19](#)
- [Surdna Foundation: A Letter to Our Grantees About COVID-19](#)
- [The Harry and Jeannette Weinberg Family Foundation](#)
- [Russell Family Foundation: A Message of Support to Our Community—COVID-19](#)
- [William Caspar Graustein Memorial Fund](#)
- [A Message to Lumina’s Partners About COVID-19](#)
- [The Robins Foundation: An Equity-Based Approach to Managing the Impact of COVID-19](#)



## IV. Supporting the Health of Your Communities

Philanthropy is the *love of humankind*, based on the Greek roots of the word. Your giving family's first instincts will be to reach out to help—other family members, neighbors, seniors, the hungry, service workers, families in far-off lands, local animal shelters, and more. We encourage you to actively nurture that instinct, outside and inside of a formal philanthropic vehicle.

### Giving and Granting to Emergency Funds

Respected philanthropic partners are establishing a growing number of collaborative funds to meet immediate medical needs and care for vulnerable populations. Some serve cities or regions, some are national or international, and others serve specific issue areas or solutions. NCFP is partnering with Giving Compass to develop [an updated map of these funds](#). Examples of larger-scale funds include:

- **Center for Disaster Philanthropy COVID-19 Response Fund:** The Center for Disaster Philanthropy (CDP) has launched the CDP COVID-19 Response Fund to support preparedness, containment, response, and recovery activities for those affected and for the responders.
- **CDC Foundation's Coronavirus Response Fund:** The CDC's Coronavirus Response Fund helps connect philanthropic dollars with fast-emerging needs related to the virus, providing flexible funding that can support state and local health departments, logistics, communication and data management.
- **GlobalGiving Disaster Recovery Network's Coronavirus Relief Fund:** Donations to this fund will bring services to affected communities and help stop the virus's spread. Initially, the fund will help meet immediate needs for healthcare, food, and water in partnership with our nonprofit partners. As the situation unfolds, it will transition to support longer-term education and recovery efforts run by local, vetted organizations in affected regions. They will work with our partners on the ground to allocate funds where they're most needed.
- **Gates Philanthropy Partners** helps donors of all means tap the expertise of the Bill and Melinda Gates Foundation. It has launched a Combating COVID-19 Fund to bring promising vaccines and diagnostics and protecting the most vulnerable in Africa and South Asia and a Therapeutics Accelerator Fund to create antiviral and antibody treatments for COVID-19.

Outside of a formal philanthropic vehicle, many family members might choose to give or lend directly to people in need—including artists and

entrepreneurs—through crowdfunding platforms such as GiveDirectly, GoFundMe, Patreon, and One Fair Wage.

### Family Volunteering (at a safe distance)

First and foremost, practice public policies and good practices for social distancing. Within those guidelines, families may have opportunities for safe volunteering. Articles from [Idealist](#), [Youth Service America](#), and [MarketWatch](#) list simple activities like picking up supplies for elderly and disabled neighbors, writing cards and making calls to people who are isolated, delivering food, fostering shelter animals, and donating blood. [All for Good](#) posts specific opportunities to volunteer from home. All these activities provide for much-needed family and/or employee bonding as a relief from working or living in isolation, and can provide much-needed hands-on activities for children home from school.

### Skills-Based Volunteering

You, your family members, and/or your employees may have skills that nonprofits and social enterprises need, and increasingly those skills can be employed virtually. [Catchafire](#) and [Taproot Foundation](#) connect people with time-limited, pre-vetted projects ranging from digital marketing to human resources policies, and from strategy coaching to accounting.

Many nonprofits will need help re-thinking their financial health and forecasts. Nonprofit Finance Fund has [free tools and advice](#) you can use to help develop better cashflow projections and budget scenarios. And expertise in real estate and mortgages could benefit nonprofits who may wish to consider refinancing mortgages and construction loans at currently abnormally low rates.

If you have a family business, you may have specific expertise to offer, and we've seen creative solutions across the nation. Examples include:

- The owner of a chain of restaurants who contacted NCFP is working on connecting its suppliers with a large urban school district to meet the needs of hungry kids.
- Amazon is offering logistics experience and support to deliver medical test supplies.
- An education tech company is opening its platform for free to teachers while schools are shuttered.
- Family-owned distilleries are creating and distributing custom-made hand sanitizer.

## V. Ensuring the Health of Grantees

David Biemesderfer, head of United Philanthropy Forum, notes that these are the times when nonprofits feel the “double whammy” impact of a vastly increased need for services combined with sharply reduced contributions from major donors, fundraising events, and the general public. In addition, nonprofits have seen a **decade-long decline** in giving by everyday donors.

In times of crisis, we can step up in many ways. The visible action of a few families—maybe yours—can inspire others to join in collaborative action. We’ve found the following common themes in advice we’ve received from family funders, our colleague philanthropy serving organizations, and philanthropy advisors in our network.

1. **Ask your grantees what they need.** “There’s probably no better time than now to reach out and listen” says Lauren Smith, Co-CEO of FSG, in a recent blog post titled “**COVID-19—Seven Things Philanthropy Can Do.**” Smith suggests providing support to (safely) convene and promote collaboration among community stakeholders, business leaders, and public sector leaders. She stresses the importance of staying aware of existing local processes and structures to ensure a coordinated and comprehensive response. Note that nonprofits—especially grassroots groups and those led by minorities—may be nervous about asking directly for help, so go the extra mile and proactively contact them.
2. **Be extra generous.** Following the Great Recession of 2007–09, several large foundations raised their payout to 7%; many smaller and mid-sized family foundations in the NCFP network (even those committed to perpetuity) raised their payout to as high as 17% after considering the needs of their community. A 2019 study showed that, on average, Donor-Advised Funds were also more generous during the Recession.  
  
And there are smaller, simpler ways to be more generous:
  - Family funders are choosing not to withdraw sponsorships and registrations paid for nonprofit events that are cancelled, instead turning those into flexible operating gifts.
  - Donors and family businesses are helping existing grantees more effectively work virtually. They’ve bought or gifted laptops and monitors to take home, licenses to cloud-based software and videoconferencing tools, supplies and rideshares for safe delivery between locations, and more.
3. **Re-negotiate the terms of existing grant and gift agreements.** It’s vital that funders stay as flexible as possible with grantees. Specific tips from foundations contacted after the Great Recession and funders looking at the current crisis include:
  - a) Extend the time the grantees have to complete their work.
  - b) Allow grantees to allocate the funds to other needs that may have become more pressing since the grant was awarded.
  - c) Drop the match requirement for challenge grants.
  - d) Make payments sooner than originally planned.
  - e) Adjust expectations for what the US dollar will buy overseas as currency exchange rates are changing quickly.
4. **Revise guidelines and review processes for current grants.** Specific tips include:
  - a) Offer emergency grants to current or even new grantees.
  - b) Change the timing or frequency of your grant cycle so grantees don’t have to wait as long to apply or receive an answer.
  - c) Eliminate paperwork from the application and reporting processes; recognize that nonprofits will have fewer staff with less time.
5. **Provide unrestricted funding and pay full costs.** In a recent **blog post** for *The Chronicle of Philanthropy*, Antony Bugg-Levine, CEO of the Nonprofit Finance Fund, explains why this is so essential: “Your grantees are in a precarious position because they operate with funding that typically does not pay what it actually takes to provide services. Many cannot build reserves that would allow them to respond and weather this crisis. The best time to upend this dynamic would have been decades ago. The next best time is now.”  
  
*The Heising-Simons Foundation is offering a rapid response fund for current Foundation grantees to offset unexpected costs incurred for disruptions to operations as a result of the coronavirus outbreak. You can find more information about the eligibility criteria and application process being used by the foundation [here](#).*

**6. Consider cash flow loans.** Nonprofits, social enterprises, and public benefit corporations will experience declining revenues in the coming months. After delivering a crucial social service or health service, some must wait weeks or months for reimbursement by a government agency. An increasing number of donors and funders are using tools such as “recoverable grants,” short-term loans, and local loan funds to help grantees and small businesses overcome cash flow problems. The loans are offered at below-market rates, sometimes at 0%, and/or with more flexible terms than a bank or credit union would offer. Examples include:

- a) The Marion I. and Henry J. Knott Foundation directly makes cash flow loans
- b) The Arts Loan Fund – supported by the Zellerbach Family Foundation and others
- c) Colorado Nonprofit Loan Fund – supported by the Kenneth King Foundation and others

**7. Plan for—and stay committed to—the long-term.**

While things will almost certainly get worse, funders can mitigate the impact of COVID-19 by continuing long-term support—both financial and relational—to their core partners in the community. “Even while focusing on immediate needs, remember that it will take some time for the full range of needs to emerge,” advises the Center for Disaster Philanthropy in its [Basic Tips for Disaster Giving](#). “It takes a while to truly understand the impact that the disaster has had on people’s lives. Be patient in planning for disaster funding. Recovery will take a long time and flexible funding will be needed throughout.”

### *Proactive Responses*

The Ball Brothers Foundation is a place-based, multi-generation family foundation in Muncie, IN. For many years it has made available a Rapid Grants program, with grants of up to \$5,000 being decided at the staff level with board chair review. In mid-March 2020, staff proactively reached out to local healthcare and emergency response providers, inviting them to submit a brief Rapid Grant proposal for any needs, including items such as personal protective gear and support for employees. It then issued a similar invitation to a core group of social service and youth service nonprofits. The staff have been approving proposals and checks in less than a day, offering to deliver them or have them picked up by the grantee.

Suzanne Hammer, founder of Hammer & Associates, shared that for one (anonymous) family foundation in a rural area, the board has approved making one-time emergency grants of \$5,000 upon request to assist grantees with their operational needs related to the outbreak. “We do this knowing that some organizations will need more—and the foundation stands ready to provide more. Any emergency funding the foundation provides will be in addition to—not in lieu of—our current or planned grants to our partners. We see these emergency grants as a way to get the conversation going with grantees to learn what they need, and what they are anticipating. As the foundation’s director, I will make personal calls to each of the grantees, and we will take a customized approach in responding to what they need—for their operations, for their employees, for their direct service clients.”

### *In Good Company*

Those grantmaking practices are increasingly common in family foundations. In NCFP’s 2020 Trends Study of private family foundations, all of these practices rose from 2015:

- 65% pay out more than the minimum required distribution of 5%
- 69% provide general operating support
- 61% provide multi-year grants
- 28% make program-related investments in grantees, 20% provide loans or grants to loan funds managed by others, and many more want to learn to do this in the next years
- 64% incorporate perspectives from the community, grantees, and experts into their grantmaking programs and governance



## VI. Looking Ahead

This brief is focused on supporting your work in the next few months. Though we don't know how the twin global pandemic and likely recession will unfold, we do know that the economic impact will be real and lasting. Family businesses and family funds with concentrated stock positions could see drastic cuts to their ability to give. They and their grantees will experience grave emotional and financial damage to the philanthropic legacies they've built together.

The stewards of endowed foundations and funds will have mixed reactions to a sustained economic downturn. The bias of some family members, and of investment committees, may be to become more conservative and cut back on grant and gift budgets. Other family members will encourage being extra generous, mindful that grantees and the vulnerable populations they serve will be in worse shape than the family's philanthropic vehicle in the long run.

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*"If yours is a perpetual foundation, you have literally forever to get back to whatever your endowment was at its peak—which really wasn't ever the most relevant number anyway! Step up your payout now before it's too late for your grantees."*

– Phil Buchanan, President, Center for Effective Philanthropy

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NCFP encourages endowed institutions to have open-hearted discussions, and to think creatively and boldly about your roles as stewards of philanthropic resources. As you look ahead, consider these options:

1. **Develop a budget for contingency grants.** In the [Risk Management for Philanthropy Toolkit](#), a group of funders and experts shared example criteria for setting aside and using contingency funding—a portion of your grantmaking budget to deal with the inevitable but unexpected challenges that your grantees will face.
2. **Pay it forward.** If your foundation typically is committed to spending five percent, you can give more this year and count it as excess carryover for up to five years. To see an example and IRS rules, click [here](#).

3. **Take the long view.** [Economics researchers](#) at the Lilly Family School of Philanthropy simulated the impact of differing payout rates over time. They discovered that foundations could easily sustain themselves, and the long-term value of their endowments, with a supplemental two percent payout during recessions.
4. **Revisit spending and perpetuity.** NCFP's Trends 2015 and Trends 2020 Studies showed that increasing numbers of family foundations aren't automatically committing to perpetuity: 53% are still deciding or periodically revisiting their lifespan. Some founders may have intended for multi-generation philanthropy but not intended for a strict interpretation of [intergenerational equity](#). Whatever your current policy is, it can be worth revisiting the balance of long-term asset growth and the desire to help during prolonged times of need. The General Service Foundation (GSF), a private family foundation, recently wrote a [helpful article](#) on how it more creatively and holistically balances mission, growth, and values as it considers grant budgeting.
5. **Get creative.** One of NCFP's Fellows suggested the following solution: "Rather than dipping into fragile investments, take a line of credit against assets, then make grants and pay operating expenses from that credit line."

In the months to come, NCFP will publish additional guidance and stories from family funders and experts on navigating and grappling with the longer-term impacts of the pandemic and recession. We'll discuss giving in a downturn, shoring up the health of fragile nonprofits and populations, and the policies and practices you may need to revise to be better prepared to lead in difficult times in the future.

This is undoubtedly a difficult time for donors and their families, and it is during times such as this that the importance of community is most acutely felt. NCFP remains strong in its commitment to family givers and those who work with them—to foster an open dialogue that promotes shared learning and compassionate support. Please contact NCFP President and CEO Nick Tedesco at [nick@ncfp.org](mailto:nick@ncfp.org) to be participate in this ongoing conversation, share resources, and ask questions.

# About NCFP

Established in 1997, the National Center for Family Philanthropy (NCFP) is a catalyst for the greater good; it provides donors and their families with comprehensive resources, expertise, compassionate support and community. We are rooted in the belief that family participation enriches philanthropy and that philanthropy strengthens families. We empower donors and their families to define and pursue their purpose, establish thoughtful policies and practices, and build community to make a positive impact through their giving.

NCFP is a national network of donors and their families, community foundations, and philanthropy serving organizations.

## About the Authors



**Tony Macklin**, a Chartered Advisor in Philanthropy® consults with donor families, grantmakers, and their advisors about purpose, use of resources, action planning, and learning. As executive director of the Roy A. Hunt Foundation, he facilitated changes in visioning, impact investing, grantmaking, trustee education, and back-office management. In twelve years at the Central Indiana Community Foundation, he led grantmaking initiatives, advised wealthy donors, attracted \$39 million, and launched a social enterprise. Tony currently serves as senior program consultant for the NCFP's Community Foundations Family Philanthropy Network. He also serves as a senior advisor to the Impact Finance Center and peer reviewer for *The Foundation Review*.



**Jason C. Born** is vice president for programs at the National Center for Family Philanthropy. In this role, Jason serves as NCFP's lead knowledge curator, content creator, and connector for philanthropic families. Jason is the founding editor of both *Family Giving News* and the *Passages Issue Brief* series, and serves as host of NCFP's monthly Family Philanthropy Webinar series. He previously helped to launch Funders Together to End Homelessness as director of national outreach for the Melville Charitable Trust.

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NATIONAL CENTER FOR  
FAMILY PHILANTHROPY

1667 K Street, NW, Suite 550, Washington, DC 20006  
PHONE: (202) 293-3424 | EMAIL: [ncfp@ncfp.org](mailto:ncfp@ncfp.org)