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More Than One Third of Foundations Say Racial Equity Plays Prominent Role in Mission

Report Provides Insights on How Leanly-Staffed Funders Operate, Prioritize Spending

Washington, D.C. – For the second year in a row, more than one in three foundations with few or no staff say racial equity is very relevant to their mission, according to Exponent Philanthropy’s 2020 Foundation Operations and Management Report.

More than half (65%) of all foundations surveyed report racial equity as somewhat or very relevant to their mission, with 34% reporting that racial equity was very relevant to their work. The report also examined how racial equity related to funders’ grantmaking practices. For example, it found that foundations that rated racial equity as very relevant to their mission were more likely to prioritize specific grantmaking practices, such as monitoring grantees’ accomplishments (95%) and bringing subject matter knowledge to the board (87%).

“We know that the intentional inclusion of diverse perspectives leads to better decisions, more equitable outcomes, and greater philanthropic impact. While there’s more work to do among foundations, it is promising to see many of our members taking the first steps in their journeys to focus on diversity, equity and inclusion,” said Henry L. Berman, CEO of Exponent Philanthropy.

In addition, foundations were asked about best practices and policies they have implemented in the past two years to promote racial equity. The most commonly reported best practice was employees’ completing a training or self-assessment on racial equity–related topics (25%), followed by having a mission statement that includes an expressed commitment to racial equity (19%).

The report also explored a variety of topics areas on the inner workings of lean funders, from how foundations make grants and prioritize investments, to board and governance structure.

Other key findings include:

- Participating foundations awarded an average of 73 grants in the prior fiscal year. Nearly two-thirds (65%) of foundations provided general operating support to grantees and more than half (55%) of foundations provided multiyear grants.
- Boards of participating foundations are, on average, 45% female, with family foundations more likely to have female board members than independent foundations and other types of foundations. Racial and ethnic diversity on boards is generally low, with 75% of participating foundations saying they had no board members of color. On average, three percent of foundation board members identified as having a disability.

- Similar to last year, most foundations made grants that supported children and youth (82%) and economically disadvantaged populations (74%). Education, human services, and health continued to be the three most popular funding areas.
- The majority (86%) of foundations awarded grants to support their local area (within a 50-mile radius). Family foundations were more likely to provide funding that supported multistate, national, and international geographic areas than were independent and other types of foundations.
- Sixteen percent of respondents engaged in mission or impact investing, with another 11% saying they plan to engage in mission investing in the next few years. Foundations reported the most common challenges to this type of investing was the belief that this approach will not earn the same level of returns and a lack of internal capacity to dedicate to mission investing.

About the Report

The 2020 Foundation Operations and Management Report provides a snapshot of the practices of participating organizations at the time they were surveyed. The report is based on responses to the 2019 Exponent Philanthropy's Foundation Operations and Management Survey and reflects responses based on the prior fiscal year. Exponent Philanthropy surveyed 1,812 foundation members of Exponent Philanthropy across the country, and 466 foundation members responded.

About Exponent Philanthropy

Exponent Philanthropy is the country's largest association of funders—nearly 2,000 members strong—and the only one dedicated to serving foundations with few or no staff, philanthropic families, and individual donors. Its vibrant network has in common lean operations and a style of philanthropy motivated by personal passion, community needs, and the strong desire for better outcomes. Exponent Philanthropy provides high-quality and cost-effective programs, resources, and connections that maximize members' dollars and time for the benefit of diverse communities and causes. Learn more about the Exponent Philanthropy community and its impact at www.exponentphilanthropy.org

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