

The State of OC Philanthropy: A Closer Look at Regional Grant Making

2022



**ORANGE COUNTY
GRANTMAKERS**

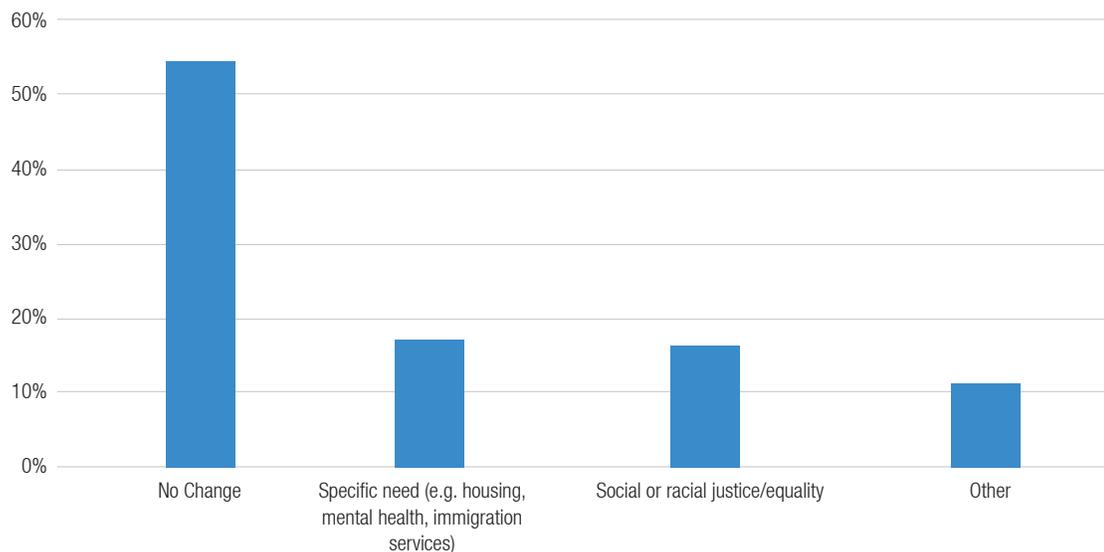
More than a decade ago, a group of regional funders commissioned a UCLA study of the nonprofit and philanthropic sector in the region. The results, which highlighted significant gaps and challenges, were the motivation for launching the OC Funders Roundtable to significantly increase the impact of philanthropy in Orange County. Today, that organization has evolved to become Orange County Grantmakers (OCG), a regional grantmaking association of more than 40 members. To better understand the current state of Orange County philanthropy and how it has changed since 2007, OCG commissioned a new study in 2020, which assessed philanthropic activity within the county. That assessment consisted of a comprehensive survey of active OC grantmakers, interviews with several regional grantmakers, and a review of past documents and recent 990s. This report is a continuation of the assessment and update of OC Grantmakers' progress and current standing within the region.

Then and Now

In 2004, identified Orange County foundations awarded \$50.2 million dollars to county nonprofits.

In the most recent fiscal year of 2021, identified Orange County foundations awarded approximately \$161.3 million¹ to Orange County nonprofits. A direct comparison of giving among donors who provided data both this year and last shows they awarded 21% less dollars in FY2021².

Nineteen participants responded to the survey and one provided their total award amount after the survey closed. Eighteen of these identified how their funding priorities changed in the past year, if at all. Fifty-six % of respondents stated that their priorities have not changed. Seventeen % of respondents stated that their priorities have shifted to social or racial justice and equity. Another 17% of organizations state their giving priorities have shifted to specific services such as housing, mental health or immigration services. The remaining two organizations provided some other response including focusing on funding their own programmatic work or funding expansions of physical spaces.

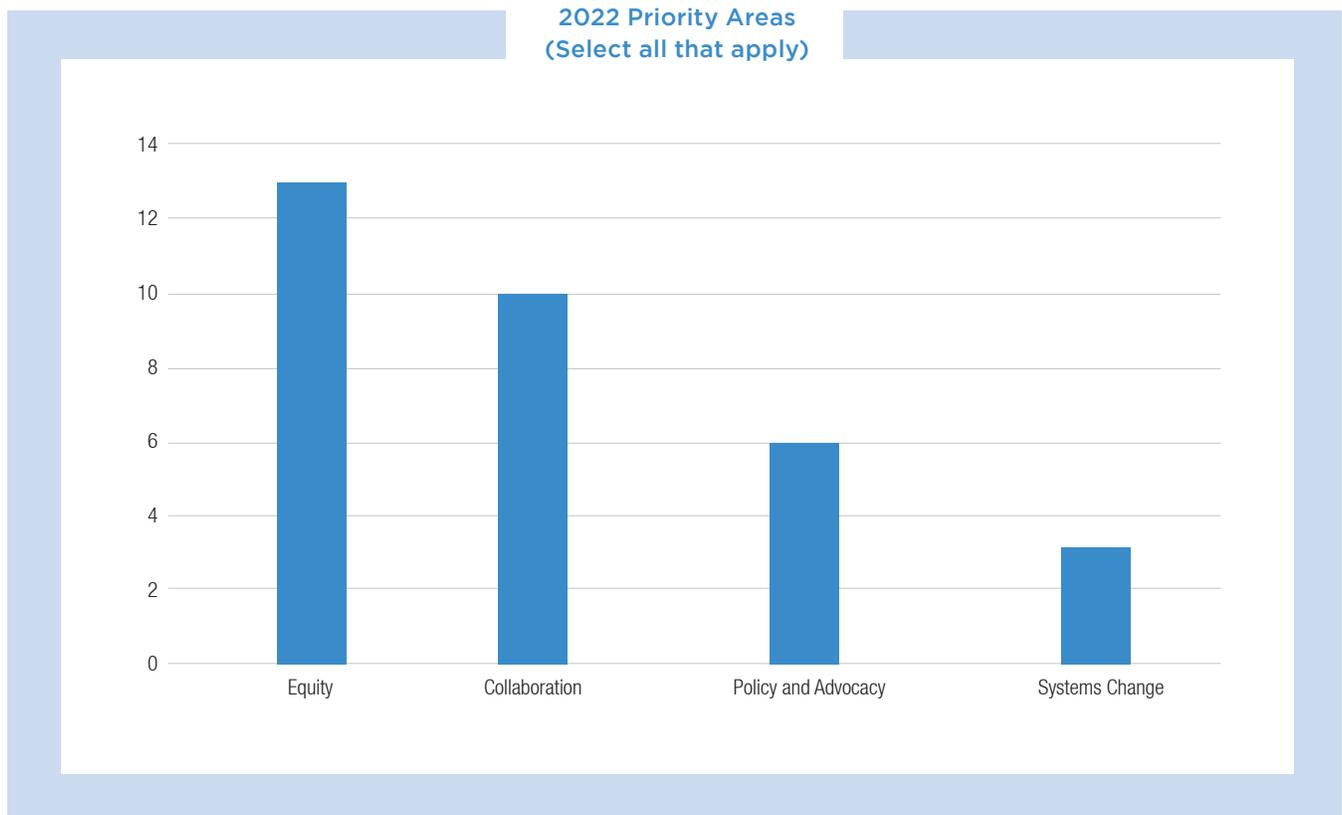


¹ This total is a conservative number based on the survey responses of 20 grant-making organizations. Some organizations did not answer all of the questions making the sample size of some questions smaller. All included funders were members of OC Grantmakers and/or based in Orange County. The survey and research attempted to capture a significant portion of the institutional grant making organizations active in the region. This is not a comprehensive total as it does not include all corporate foundations, the private giving of family foundations with no standardized grant cycles, or non-responding organizations.

² It should also be noted that 1 donor who provided data last year and gave sizable grants did not respond to the survey and one answered the question incorrectly this year which also contributed to the decrease in grants awarded to county nonprofits

Grantmaking Organization Priorities

In the 2021 State of OC Philanthropy report, several areas were identified as priorities of grantmaking organizations. As in the previous year, respondents were asked to reflect on how they have changed their grantmaking or internal operations in the areas of collaboration, policy and advocacy, systems change, and equity. Sixteen organizations provided a response to this question, while 3 did not provide a response. Most grantmaking organizations have become more focused and interested in equity efforts over the past year followed by collaboration, policy and advocacy, and finally, systems change.



Equity

Eighty-one % of the surveyed funders reported being engaged in equity. Over the past year, most foundations reported engaging in more conversations on equity. Many have increased their focus on advancing equity, while others report that although they are already engaging in equity work, they recognize that they have room to do even more. One foundation responded: "...we have an equity lens, but we could do even more within our group."

Some indicated focus areas include racial justice and equity, educational equity, social justice, marginalized populations, unserved populations, and economic empowerment. A third of these organizations indicated they are becoming more focused on equity. These organizations have started to add equity as a lens or have incorporated it into their organization.

One leader stated "We are focusing more and more on equity and other issues that would fall in the social justice category."

Another foundation leader shared that their social equity lens is, "addressed through racial justice and an equity initiative with initial focus on educational equity and minority-owned small business, expanding to focus on social justice and aligning our grantmaking toward advancing equity."

On Collaboration

Sixty-three % or 10 organizations mention they prioritize collaboration. Sixty % have always been focused on collaboration or their activity with collaboratives have not changed much over the year. One organization states they have expanded the number of joint-ventures they are taking on. Some organizations also mentioned the specific areas in which they focus their collaboration efforts, including collaboratives that focus on children, social or racial justice, mental health, or general, unmet need.

“Collaboration has continued to be the center point of all our grantmaking, and especially so as we continue to evolve our grantmaking to focus on social justice, racial justice and advancing equity.”

“A personal relationship with the non-profit with board or other volunteer service is very important to our decision making.”

“We have always been about collaboration.”

“We’ve focused collaborations around key priority areas that address identified unmet need.”

Systems Change, Policy, and Advocacy

When asked how funders support their strategic priority areas, 38%, or 6 funders indicated through advocacy and policy and 12% (2) stated their strategic priority was larger system change; the two who focus on systems change also indicated advocacy and policy as a strategic priority area. What is interesting when it comes to prioritizing systems change is that two organizations expressed proactively looking to learn more about and dive deeper into systems change work. Compared to the previous year, funders were slightly less likely to prioritize advocacy, policy, and systems change. Fifty-two % of funders prioritized these areas last year and 50% prioritized one or both this year.

Within policy and advocacy support, 33% indicated they fund issues that are important to families and children. Another 33% generally supported policy and advocacy, 17% supported homelessness and housing advocacy, and another 17% supported partnerships and collaboration .

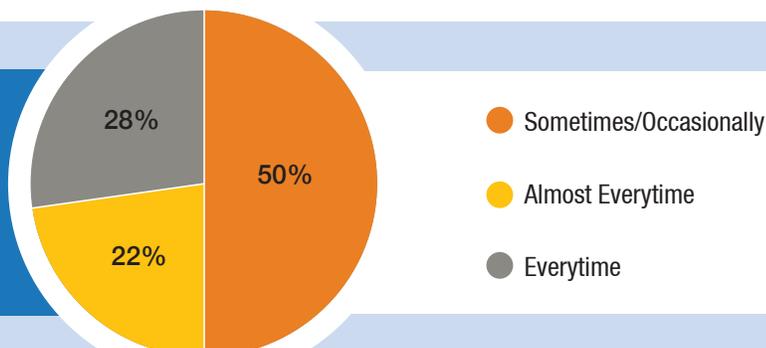
One foundation leader stated, “We fund more advocacy work now than in the past.”

For those that worked on systems change, 66% indicated they “launched a racial justice and equity initiative to examine root causes of inequity and to identify opportunities to address” and are “looking proactively for influential organizations to take on systems change efforts”. The remaining 33% are in their initial stages of focusing on systems change work.

Trust-Based Philanthropy

Orange County has seen a trend in more of what is called “trust-based” philanthropy - the idea that funder-grantee relationships are healthier when they are built on the foundation of trust. All but one organization responded to the question regarding trust-based giving. When describing what trust-based giving looks like for them, most replied they allow the organization to tell them where the funds would be put towards in order to achieve their objectives. The second most replied answer was working to improve the relationship between the funder and grantee via meetings or conversations. Others mentioned that they have worked to simplify the application process and lessen the reporting requirements to make the process less cumbersome.

Participation in Trust-Based Giving



"Trust-based giving means deep humility and respect for our partner nonprofits, understanding that they are the ones executing and leading in the community and as a foundation, we play a supportive role. We aim to learn from our partners, take feedback to heart, and do our best to be champion advocates for them in our community. It also means being responsive, having challenging conversations - including if we are ending funding - and being honest about what's possible and what isn't."

"We have long standing partners and programs that we have funded for many years. Over the years we have developed strong relationships with them and bring them to the table to help draft their scope of work and reporting. We work with them to address their needs and how they would prefer to use the funding that is provided. This year, none of our grants have been competitive, we are looking at the true need of the community and how we can support and be a partner at the table."

Changes in the Philanthropy Field of Orange County

The survey asked respondents to reflect on their thoughts regarding any changes the philanthropy field is experiencing, in particular if the field is reverting back to old giving practices (i.e., less unrestricted funding, less awards geared toward direct service and operating costs, etc.)? The largest group of respondents (41%) felt they are sometimes or noticing this happening, while 23% say they are almost never experiencing this return to pre-pandemic style giving. Eighteen % each state either end of the spectrum – not at all or often noticing.

"I have no first-hand knowledge of the trend back to "old ways". However, I think the move towards trust-based philanthropy and unrestricted general operating funds is a solid trend and future philanthropy will move more and more towards a partnership with grantees."

"We witnessed the highest ever giving in 2020 and 2021, marshalling resources in response to the urgent and unique needs related to COVID response. While the effects of the pandemic are ongoing, we are seeing giving return to pre-pandemic levels. However, we are seeing a continued trend toward providing increased flexibility and trust-based approaches."

Finally, funders were asked how the changes of the last 2 years might affect a grant seeker's experience in applying for a grant. Most repeated much of what was reflected in previous sections of this report, citing more streamlined, short and easy grant applications, funding for general operating costs or unrestricted grant dollars, greater transparency and more directed interaction between the funder and the grantee.

Conclusion

The current state of philanthropy in Orange County reflects of the effects the pandemic of the last two years, and the shift of moving beyond diversity towards racial equity. These trends are shown in the data on changes in funding priority, with 10% more foundations identifying equity as a priority area this year compared to last. Funders are also noting trends in more trust-based giving this year with every funder identifying at least some trust-based giving practices. These focus points demonstrate the evolving nature of Orange County philanthropy towards a more responsive, equity-centered sector that is attuned to the needs of the larger community and the nonprofits that support it.