the David & Lucile Packard FOUNDATION

The Local Grantmaking Program's 2020 Capacity Survey Findings

Introduction

The David & Lucile Packard Foundation's Local Grantmaking Program (LGP) partners with local organizations in the California counties of San Mateo, Santa Clara, Santa Cruz, San Benito and Monterey to nurture strong families, thriving youth and vibrant communities. The program aims to ensure that residents have access to the resources and services they need for their well-being, as well as opportunities that enable them to explore, grow and meet their full potential.
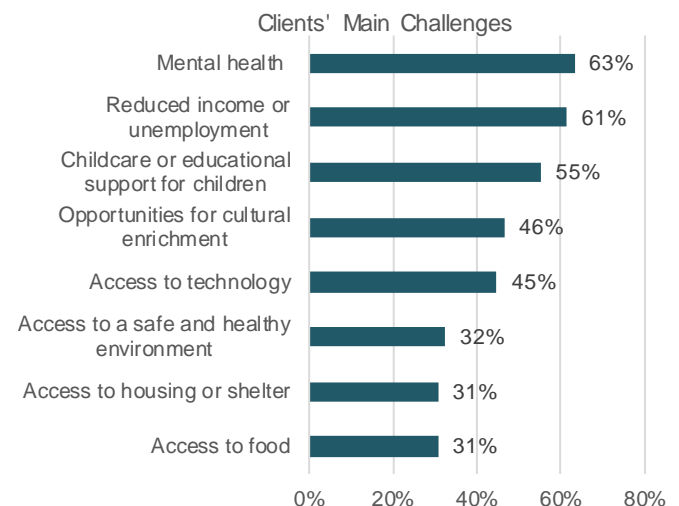
In 2020, the regional and broader context shifted dramatically given the coronavirus (COVID-19) pandemic, economic downturn and movement for racial justice. It has never been more challenging, nor more necessary, for LGP and local partners to advance their collective vision for a thriving region. Although LGP regularly surveys its grant partners to better understand their capacity, needs and context, this year's survey was redesigned to focus on the major issues of this time.

For this report, LGP staff engaged an independent evaluator to analyze and report on survey data collected in late 2020. **This analysis includes surveys from 114 organizations (80% response rate) across LGP's strategy areas:** Vibrant Communities Arts (57%), Strong Families (25%), Thriving Youth (17%) and Capacity Building (3%). Organizations represent various grant sizes and durations, organizational budget sizes and locations. The sample size is n=114 unless otherwise noted.

Service Model & Demand

The COVID-19 pandemic has had a profound impact on organizations in multiple ways. **Nearly all organizations (91%) say that COVID-19 has had a high or extreme impact on their service delivery model.** As of late 2020, half were offering a blend of in-person and virtual services (50%), followed by those that were fully virtual/remote (45%). Organizations have scrambled to overhaul their service delivery models and then continuously adjust them in response to local guidelines. Virtual delivery has been especially challenging for arts and other organizations whose very essence is tied to in-person or interactive experiences.

Organizations note a sobering array of challenges their clients are facing, with mental health (63%), unemployment or reduced income (61%) and supporting children (55%) as chief concerns. Pre-existing challenges, such as economic and educational inequality and the housing crisis, have worsened in the region.
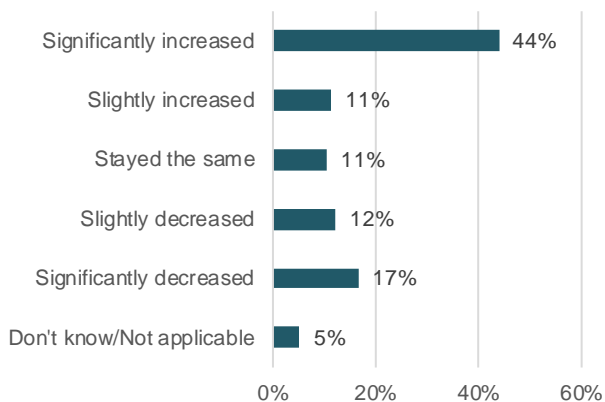
Clients' Main Challenges

Challenge	Percentage
Mental health	63%
Reduced income or unemployment	61%
Childcare or educational support for children	55%
Opportunities for cultural enrichment	46%
Access to technology	45%
Access to a safe and healthy environment	32%
Access to housing or shelter	31%
Access to food	31%

Figures exceed 100% due to the option of marking multiple responses. Several other challenges were marked, by <30% of respondents.

"We went from serving around 40,000 individuals to over 400,000 households, primarily with emergency food distribution, rental assistance and financial assistance. Adult day care centers closed. Senior centers closed. Senior nutrition and homeless services saw spikes in need. Most other programs went mostly remote...."

Due to the pandemic and other pressing concerns among clients, **more than half of organizations (55%) report increased demand in 2020.** Service demand is not necessarily the same as "need." Demand greatly accelerated for organizations providing essential services (e.g., housing, food), but fell for others such as arts, education and enrichment programs, where the pandemic greatly altered the relationship between need, demand and supply.

Change in Demand for Organizations' Services in 2020

Category	Percentage
Significantly increased	44%
Slightly increased	11%
Stayed the same	11%
Slightly decreased	12%
Significantly decreased	17%
Don't know/Not applicable	5%

Despite organizations' efforts, **more than one-third of all surveyed organizations (35%) were unable to meet demand** during the year. That leaves many thousands of local residents with unmet needs. These challenges are expected to continue, as **many organizations (66%) project further increases in demand in 2021.**

Staffing & Funding

Organizations' staff are stretched thin as they live and work through this crisis. **Nearly all organizations (96%) report staffing challenges and changes, particularly related to decreased**

morale (62%) and well-being. There's less support from volunteers (55%), less time or pay (39%) to do more and much harder work—some with coronavirus exposure (39%)—and many are juggling care for their own kids or family members (39%).

Most organizations have seen a decrease—often a steep decline—in earned income (73%), but an increase in private funding (55%) this year. On average, funding from the government and the [new generation of individual philanthropists](#) has stayed about the same this year, though with considerable variation by organization. Nearly all organizations (88%) gained support through Payroll Protection Plan loans during the pandemic, but most lost revenue due to cancelled fundraising events (71%).

"The significant new funding opportunities we received are likely one-time funds that we do not anticipate receiving again in 2021.... We anticipate that government funds will definitely decrease, and private foundation funds may decrease or remain stagnant."

In 2021, more than half of organizations (60%) anticipate decreases in their overall funding. Some organizations are facing significant threats to their stability as they face dwindling funding and pandemic relief but increases in demand. **Almost one in ten organizations (9%) face a moderate to extreme risk of closure within the first half of 2021.**

Organizational Capacity Needs

When asked about six distinct areas of capacity on a five-point scale from low to high, **organizations rate their overall fiscal management capacity highest (mean 4.3), and their staffing and monitoring/evaluation capacities lowest (3.4 and 3.3, respectively),** as shown on the next page. Averaging across capacity areas, most organizations have medium/high overall capacity (3.8), but this

disguises variation in ratings for each capacity area and the fact that **about one-fifth to one-half of organizations need improvement in each category.** Despite steep hurdles in 2020, **several organizations praise the adaptability, responsiveness and resilience of their staff and organizations** as they rally to meet this difficult moment.

Organizations' Overall Capacity Ratings (n=98)

Category	Rating
Fiscal management	4.3
Adaptability and strategy development	4.2
Community responsiveness	4.0
Governance	3.9
Staffing	3.4
Monitoring and evaluation	3.3
Calculated mean of capacity ratings	3.8

"The constant cycle of adapting and responding to COVID-driven needs in staff, students and school districts has taken-up SO much capacity at the staff and board level. We simply have less capacity/morale/slack to take on 'new' or 'extra' initiatives that are not directly related to delivery of our core programs. Partnerships, strategic planning and evaluation have all been delayed as a result."

The need for funding, in any form, is paramount. **In addition to general operating support, organizations (n=98) most often request innovation grants (73%) to boost their capacity, as well as the Foundation's leadership/voice (44%)** to amplify local issues and connect them to funding and other opportunities. Organizations would like to use funds for: capacity building, strategic planning, professional evaluation, professional and board development, technology upgrades, service pivots/experiments, and hiring consultants, among other areas of need.

Racial Equity & Justice

We explored organizations' racial equity/ justice capacity, needs and LGP opportunities in this survey for the first time in 2020. Organizations note that **inequality, injustice, disinvestment, racism and oppression has resulted in disparities and enormous burdens shouldered primarily by BIPOC communities.** About one-third of organizations (n=109) indicate that economic inequality (30%) and the housing crisis (29%) are the core racial equity/justice issues in their communities, along with the need for greater diversity and representation (25%) throughout communities and organizations. We are heartened that organizations are seeing these and other issues through an equity/justice lens, and that organizational leaders are committing to equity, diversity and inclusion (EDI) progress.

Nearly all organizations (89%, n=110) are advancing racial equity/justice in the local community, with many building leadership (65%) and/or co-creating equity/justice strategies with communities and partners (58%). Other roles include EDI programming/ education, community listening, policy advocacy, and more. Across organizations, we see a spectrum of approaches, future directions and capacity for racial equity/justice work. **Many organizations (65%, n=110) have medium or lower capacity to advance racial equity/justice in the community, and the average is 3.1 on a 5-point scale, well below the other core capacities we assess.**

"We are focused on how public systems, like education and justice, are failing BIPOC and perpetuating cycles of inter-generational poverty, trauma and further discrimination. Our goal is to work on an individual and systemic level to advocate for BIPOC and elevate the voices of our clients to advocate for themselves and their communities."

To bolster equity/justice progress internally and in local communities, organizations need a robust and explicit effort from LGP. Currently, respondents (n=110) have varied impressions about how well LGP is helping organizations advance racial equity/justice in communities (mean 3.2 on a 5-point scale). **Notably, one in four organizations (25%) do not know how to rate LGP's support for racial equity/justice.** This points to opportunities for strengthening LGP's EDI model and communications.

Organizations (n=99) request the following types of new or continued LGP support toward their equity/justice goals. **Whether explicitly requested or implied, organizations desire financial resources to help them prioritize and meaningfully advance EDI work.**

1. **EDI learning and professional development (39%):** staff and board training, an EDI resource library, facilitated conversations and sharing lessons learned.

2. **Funding (36%):** new EDI funds, continued core operating support, mission support and salaries.

3. **EDI initiatives, strategy and goals (20%):** thought partnership, strategy development, suggesting and engaging collaborators.

4. **Program- or population-specific funding and support (13%):** for leaders of color, youth development and early childhood education.

5. **Coordination and collaboration across organizations (10%):** continuing the Equity Action Network and supporting BIPOC leaders.

6. **Other opportunities for LGP's EDI support (<10% each):** help select and pay for EDI consultants/experts; solidify LGP's EDI stance and expectations (e.g., require board diversity and EDI outcome reporting); allocate resources for advocacy and systems change; and help recruit diverse staff and boards.

"[Provide] increased investment in agencies led by people of color, our professional development, sabbaticals for people of color in leadership and elevating our stories/narrative/ leadership. Help us to open doors that do not open easily for leaders of color."

The survey findings make a compelling case for LGP to not only continue, but augment, its investments and "beyond the checkbook" supports for organizations' EDI efforts and overall capacity. While demonstrating resilience during unprecedented crises in 2020, organizations are contending with a challenging and unpredictable future; they are also eager to advance the burgeoning movement for equity. The ongoing partnership between organizations and LGP will be instrumental in achieving pandemic recovery, reinforcing capacity and cultivating thriving local communities.

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