

The Local Grantmaking Program's 2021 Capacity Survey Findings

Introduction

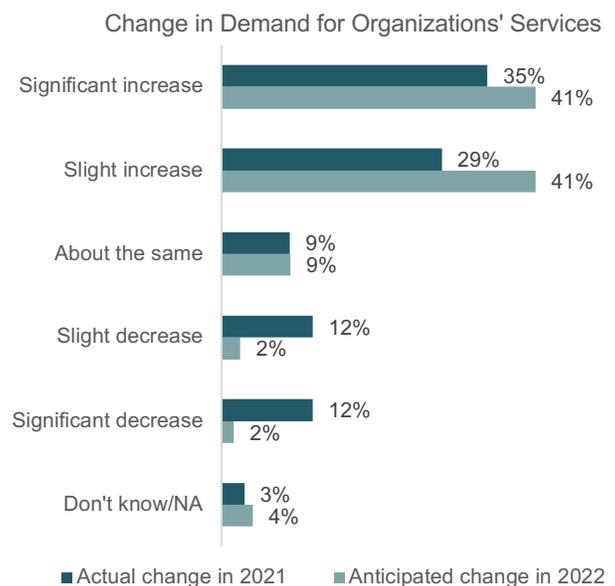
The David & Lucile Packard Foundation's Local Grantmaking Program (LGP) aims to ensure that people have access to the resources and services they need for their well-being, as well as opportunities that enable them to explore, grow and meet their full potential. As the COVID-19 pandemic continues, local residents have significant needs for services and enrichment. To address these needs and nurture strong families, thriving youth and vibrant communities, LGP partners with local organizations in the California counties of Santa Clara, San Mateo, Monterey, Santa Cruz and San Benito.

As part of its ongoing efforts to learn from its grant partners, LGP engaged an independent evaluator to design, analyze and report on a survey administered in late 2021. **This report includes findings from 121 organizations (85% response rate) across LGP's strategy areas:** Vibrant Communities Arts (39%), Strong Families (28%), Vibrant Communities Environmental Education (17%) and Thriving Youth (17%). Organizations represent various grant sizes and durations, organizational budget sizes and locations. The sample size is n=121 unless otherwise noted.

Service Model & Demand

The pandemic and its effects are clearly not over, but there are signs of hope and progress: **nearly all organizations (91%) are currently providing some in-person services**, compared to about half (54%) in 2020 due to the shock and restrictions of the pandemic.

Nearly two-thirds of organizations (64%) say that demand for their services increased in 2021. This reflects growth in residents' needs (e.g., housing, food) as the pandemic wears on, as well as an increase in the availability and use of educational and arts opportunities that were severely constrained due to COVID.



About one-quarter of organizations (26%) have been unable to meet service demand this year, which leaves many residents and communities with unmet needs and hampered opportunities. These shortfalls are likely to persist given that most **organizations (82%) project increases in demand in 2022.**

"We anticipate continued, increased need for services including rent assistance and housing navigation, case management, immigration legal services, food, employment and mentoring services for youth and adults, advocacy and public health/COVID safety and prevention."

Staffing & Leadership

Organizations took a variety of actions to recruit, retain and support staff and leaders in a very tough labor market; they face burnout, “the great resignation,” and barriers related to the pandemic and the exorbitant costs of living in the area. Most organizations (79%) focused on culture (e.g., building morale, cohesion), after weathering pandemic challenges. Some organizations report positive effects from staffing and leadership efforts, such as increased diversity, skills and resilience.



Figures exceed 100% due to the option of multiple responses.

A substantial portion of organizations—most commonly Thriving Youth and Strong Families organizations—experienced senior leadership transitions in 2021; 37% had a leader transition and 39% reported action to manage or prevent transitions. Desperate to address immediate needs and vacancies, many organizations are not able to plan for longer-term staffing and leadership capacity and pipelines.

“Leaders are very tired and stressed from holding up during this time. It’s possible that folks will move on. At the second-tier level, we are seeing significant attrition. More staffing is needed to support existing leaders and to plan for succession.”

Funding

Many organizations have seen an increase in COVID relief/recovery funds (66%) and overall private funding (57%) this year, but funding from other government sources and the [new generation of individual philanthropists](#) has stayed about the same this year, on average. **Earned income/revenue decreased for about half of organizations (55%),** reflecting continued disruptions to in-person programming and other revenue-generating activities during the pandemic.

Government pandemic relief has been essential, and organizations are unsure about their future without it. They also have concerns about foundation and donor fatigue and drop-off, as well as clients’ and audiences’ inability to pay as “normal” services resume. Several organizations hired fundraising staff and have worked to diversify funding sources, target supporters or projects (e.g., longtime donors, capital campaigns) or otherwise enrich funding. The outlook for 2022 is promising for **half of the organizations (51%) anticipating increases in their overall funding;** in comparison, only 16% projected funding increases in last year’s survey. Yet, it is possible that rising service demand could outpace some organizations’ tenuous economic recovery.

“While COVID relief and individual giving was extraordinary in 2021, community foundation and some private foundation support has vanished. Though our income may stay even, our expenses will skyrocket as we go back to presenting live vs. virtual programming.”

Diversity, Equity, Inclusion & Justice

LGP continued to explore organizations’ diversity, equity, inclusion and justice (DEIJ) practices and needs in this year’s survey. **Almost all organizations (92%) played a role in advancing DEI in the local community in 2021,** with many creating or aligning strategies with communities and partners and building

leadership. **Additionally, all but a handful of organizations took internal actions related to DEIJ in 2021 (95%).** This reflects growing attention in the nonprofit sector on bolstering internal DEIJ commitments and capacities.

- Top Internal DEIJ Actions in 2021 (n=118)**
- ✓ Clarified/documented commitments, roles and responsibilities (53%)
 - ✓ Worked with specialists/experts (52%)
 - ✓ Hosted regular trainings or discussions with staff/leadership (51%)
 - ✓ Assessed/addressed barriers to opportunity and inequities in the workplace (49%)
 - ✓ Developed/continued advisory groups (49%)

Figures exceed 100% due to the option of multiple responses.

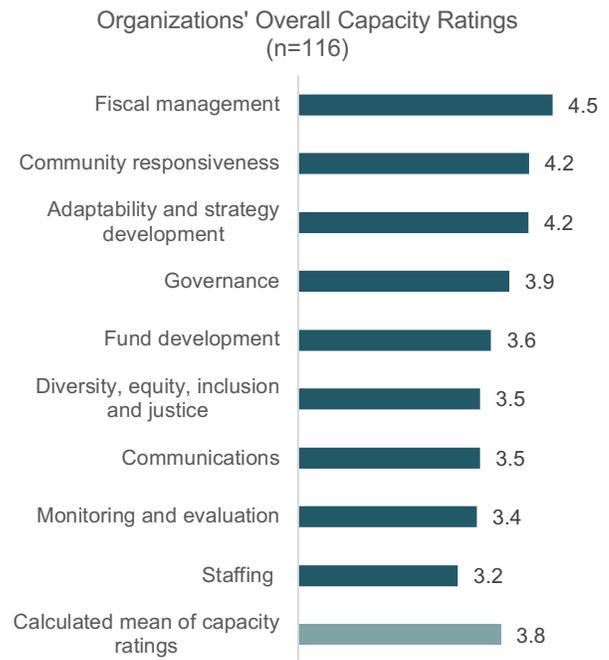
LGP seeks to help organizations advance DEIJ goals internally and in local communities, typically by providing general operating funds, project support grants, learning opportunities and thought partnership. This support has helped some organizations jumpstart or deepen DEIJ practices (e.g., engaging in learning cohorts, reaching more BIPOC clients, being more intentional about DEIJ). **Yet, several organizations need more guidance about accessing, deploying and leveraging LGP’s resources for DEIJ;** one-quarter of organizations (25%) have not yet discussed, sought and/or received this LGP support.

“We are aware that LGP (and other general support funders) would like to see us advance our DEIJ goals. However, we still need more guidance, resources and support—particularly at the board and senior leadership levels—in order to meaningfully advance these goals.”

Capacity Strengths & Needs

This year, organizations were asked to rate their overall capacities in nine distinct areas (communications, fund development and DEIJ were added to the list in 2021) on a scale from low (1) to high (5). Similar to previous years,

fiscal management has the highest average rating (4.5), and monitoring/evaluation (3.4) and staffing (3.2) continue to be the most strained core capacities. On the bright side, there has been a boost in community responsiveness and adaptability/strategy development capacities as many organizations have risen to meet pandemic challenges.



Averaging across capacity areas, most organizations have medium/high overall capacity (3.8), but this disguises the variation in ratings and capacity-building needs in each category. **Priorities for capacity-building support in 2022 are similarly varied, though staffing and fund development are top asks for several organizations.** While organizations often describe needs that touch on multiple areas of capacity, staffing is at the heart of many of them (e.g., staff for fundraising, monitoring or DEIJ efforts).

“Our top need is hiring. Our government contracts have a salary range well below what staff need in order to live in the Bay Area. We anticipate needing to increase our fundraising efforts so we can raise staff compensation. Without this, we will not be able to meet the demand for our services.”

Opportunities For The Local Grantmaking Program

Given the range of capacities, goals and preferences, LGP must continue to avoid one-size-fits-all approaches to supporting organizations and communities. **The only truly common request that organizations make is for continued, or better yet, increased funding from LGP—especially unrestricted, multi-year support.** Organizations would like to use funds for: staff and leadership recruitment, salaries and succession planning; social justice and advocacy; professional evaluation; community engagement research; building longer-term sustainability; purchasing musical instruments; and capital campaigns, among other areas of need.

Many organizations also desire a variety of “beyond the checkbook” supports from LGP, including the following examples.

- **Professional development, research and learning:** staff and board trainings and conferences, DEIJ skill building, and templates and tools.
- **Connections and collaboration:** introductions to other nonprofits, leader roundtables and aligned action (e.g., improving school systems, equity in the arts, policy advocacy).
- **Access to consultants and experts:** lists of consultants in the region and funds for customized consulting (e.g., DEIJ, scenario planning, staff recruitment, IT assessment).
- **Connections to funding:** introductions and recommendations to other private, corporate or public sources, and insights on philanthropic trends and opportunities.
- **The Packard Foundation’s voice and leadership:** amplify local issues and organizations’ work, share the Foundation’s regional vision and take coordinated action on local issues (e.g., poverty, family strengthening).

“Consider three-year, increased general operating grants to organizations serving communities of color – we don’t have endowments or the same access to high-net-worth individuals, board members who can write large checks or generational wealth to support our work.”

Many organizations are optimistic about pandemic recovery and their ability to meet the challenges and demands of this time. Yet, they are still grappling with the unpredictable landscape and how it will affect their projections, capacity and client and community needs (e.g., COVID variants and safety protocols, children’s vaccines, resumption of evictions, systemic inequities). **The ongoing partnership between local organizations and LGP is central to stabilizing the region and achieving the collective vision of thriving, equitable and resilient communities.**



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