
How is the economy affecting philanthropy in our state?

In late October, 2008, the Council asked its members to complete a survey on the effects of the current economy on the philanthropic and nonprofit sector. A total of 38 responded for a return rate of 40%. The following is a small sampling of regional funders' views.

- **34% project that their 2009 grantmaking budget will remain at the 2008 level; 53% expect a decrease. Most of those project their budget to be 5% to 15% smaller.**
- **51% expect to give the same number of grants in 2009 as in 2008, and 35% expect to make fewer grants.**
- **53% are currently seeing an increase in requests for funding, primarily from human services organizations.**
- **Many funders see an increased need for capacity building programs and operating support for nonprofits.**
- **They project seeing increased requests for private funds to fill the gaps left by cuts in public funding.**

What has happened in 2008?

- Most respondents (76%) have experienced some decrease in asset base between 2007 and 2008.
 - 26% have experienced a 1% to 10% decrease
 - 32% have experienced a 11% to 20% decrease
 - 16% have experienced a 21% to 30% decrease
 - 3% have experienced a 31% to 40% decrease
- The most common reason for a drop in assets is decrease return on investments, cited by 64% of respondents. 9% of respondents listed grant payout as the reason for their drop in assets. 24% gave other reasons.
- 13% of respondents actually experienced an increase in assets during this period. These grantmakers cited new solicitation efforts and expansion for the rise in assets.
- Despite the general trend of diminishing assets, many respondents (47%) were able to keep their grants budget about the same in 2008 as it was in 2007.
 - 13% reduced their grants budget slightly.
 - 8% of respondents said their grantmaking was considerably smaller.
- Slightly more than a one-quarter (26%) said their grantmaking increased between 2007 and 2008. 23% reported a slight increase and 3% said their grants increased dramatically.

About the respondents:

One-third (34%) are family foundations. Other respondents came from private independent foundations (23%), corporate foundations or giving programs (16%), community foundations (16%), 3 federated funds and 1 public foundation.

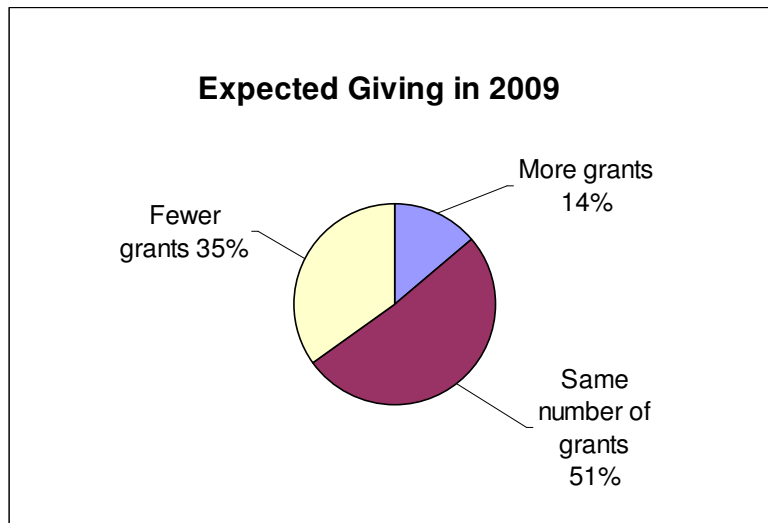
Nearly half of the responses (47%) came from Hartford County funders with nearly one-third from Fairfield County.

Responding organizations represented a wide range of asset bases, from less than \$1 million to \$100 million or greater with the greatest number of organizations (27%) in the \$5 to \$15 million asset range.

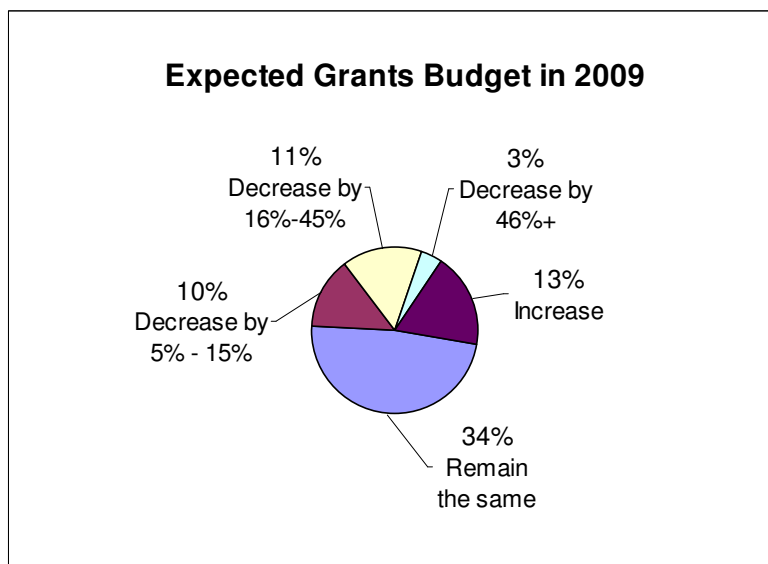
2009: What does the future hold for grantmakers?

While the financial crisis is far from over and we cannot predict what the end result will be, grantmakers must still create budgets and goals. In these tight times, how are grantmakers preparing to balance fiscal health with the needs of their grantees?

- One-half (51%) of respondents said they will give about the same number of grants in 2009, while 35% said they will give fewer grants. 14% said they will give more grants.



- One-third (34%) of respondents said their grants budget will stay about the same as in 2008. More than one-half (53%) expect a decrease. Of those expecting a decrease, 40% look for their grants budget to be 5% to 15% smaller, 11% will look for a 16% to 45% smaller grants budget and 3% said their grants budget would be reduced 46% or more. 13% anticipate that their grants budget will be larger.



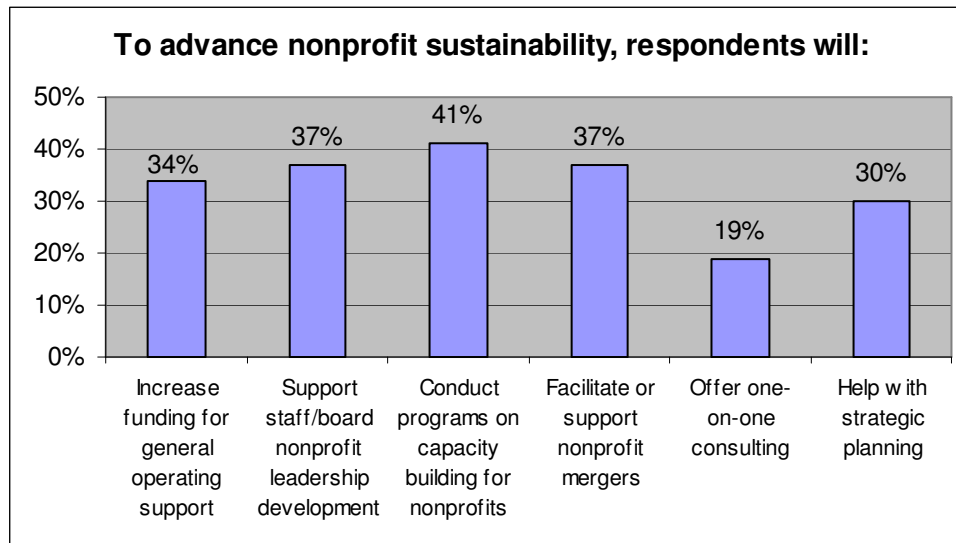
- Of those organizations that expect their grants budget to change in 2009, a majority (79%) say the reason is a change in the total value of foundation assets. 14% expect a change in total gifts received from individual donors and 7% explain that a reduction is due to a change in company profits.

Giving in 2009

Some grantmakers are considering refocusing or reviewing their giving strategies: fewer grants with higher awards for more targeted giving; keeping same number of grants, but reducing size of grants; focusing on sustainability and effective collaborations or mergers and strategic partnerships to leverage more funds in specific giving areas; suspend discretionary grants to keep core-funding program at current level. Some grantmakers will be re-examining their mission and geographic focus.

Other thoughts about future giving included:

- “We are increasing communications with applicants and grantees to manage expectations.”
 - “We will focus on supplementing programming in existing financially stable nonprofits.”
 - “Increases in requests from organizations will stretch the limits of our capacity to manage grantmaking administration.”
 - “We are streamlining the [grant application] process to ensure nonprofits expend as little staff time and effort as possible seeking funds.” (Note: To read about findings and ideas for streamlining application and reporting requirements, [click here.](#))
- Respondents were divided on the question of whether they would refocus or review giving or funding priorities in 2009. 43% said they would refocus, 39% said they would not. Among those who plan to refocus, one had already planned to review their strategic priorities. Two funders have not determined yet if they will refocus.



- Among respondents (24%) planning to make changes to their funding in 2009, 33% said they would offer new or expanded general support; 33% would offer new or expanded project/program support; 33% would offer new or expanded technical assistance support; 33% would offer new or expanded advocacy support; and 22% would offer new or expanded multi-year support, 11% would offer new or expanded challenging and/or matching grants, 11% would offer new or expanded capital support and 11% would offer new or expanded scholarships.

What grantmakers are hearing

As nonprofits feel the economic crunch, grantmakers report receiving more first-time requests, and multiple requests from the same organization for different projects. There are increased requests for general operating support, capacity building and emergency response grants. Other comments include:

“Organizations are looking under every rock. There are more requests from organizations new-to-us (previously unknown.)”

“We are seeing requests from groups that don’t qualify according to our guidelines. They aren’t doing their research before applying or are applying anyway.”

- Nearly two-thirds (61%) reported that inquiries have increased over the past year, while 34% said the volume has remained the same.
- New funding requests were spread among a range of areas, with the largest number in human services (68%). Other areas of increase included education (33%), health (28%), public/society benefit (23%), arts (17%) and environment (11%).

In Closing

It is clear that we are in for a few difficult years of a very competitive funding environment for the nonprofit sector. The funding community in Connecticut is engaged in thoughtful and strategic planning to use their assets of knowledge, dollars and connections wisely. Some will see their grants budgets decrease, some will give fewer grants, some will refocus their grantmaking, some will begin or expand operating support and technical assistance grantmaking, and others will offer advocacy support and multi-year funding.

Connecticut Council for Philanthropy members are diverse in many ways, and there is no one trend or pattern that defines our members. This survey, however, does provide some idea of what to expect in 2009 and it showed that members were eager to learn from each other—“Keep the conversation going.”

The Council thanks the Indiana Grantmakers Alliance and the Regional Association of Washington Grantmakers for material for this survey.