

# Summary of Key Findings from the Democracy Fund 2017 Grantee Perception Report

Prepared by The Center for Effective Philanthropy

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*In May and June of 2017, The Center for Effective Philanthropy conducted a survey of the Democracy Fund's ("the Fund") grantees, achieving a 65 percent response rate. The memo below outlines the key findings and analysis from the Fund's Grantee Perception Report (GPR). This is the Fund's second GPR.*

*This memo accompanies the comprehensive survey results in the Fund's interactive online report at <https://cep.surveystats.org> and in the downloadable online materials. This memo also includes selected grantee comments that represent primary themes found in the data and full report. CEP encourages the Fund to read the full set of grantee comments in the downloadable online materials.*

*The Fund's full report also contains more information about survey analysis and methodology.*

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## Summary of Context and Findings

Assessing funder performance is challenging, and a range of data sources is required. The GPR provides one set of perspectives at a moment in time that can be useful in understanding a funder's strengths, as well as opportunities to improve. The Democracy Fund should place emphasis on measures in this report that align with its specific priorities. Low ratings in areas that are not core to the Fund's strategy may not be concerning.

Grantee perceptions should also be interpreted in light of the Fund's unique goals, strategies, and changes since the last GPR in 2014. Key changes and context since the Fund's last GPR include:

- Nearly tripling the number of active grantees, from 30 grantees in 2014 to 80 grantees in 2017.
- Significant shifts in focus away from just grant making.
- Senior staff at the Fund, including the President, no longer lead most of the grantmaking work.
- Grantees were surveyed in May and June, a period in which the Fund started taking on new projects and tracks of work.
- The Fund made decisions to significantly emphasize relationships with larger grantees.

Overall, grantee perceptions of the Democracy Fund in 2017 are lower compared to the Fund's last GPR in 2014, and lower compared to the typical funder in CEP's dataset. Grantees in 2017 rate significantly<sup>1</sup> lower for their interactions and communications with the Fund, as well as the helpfulness of the selection process.

In contrast, similar to perceptions in 2014, grantees rate more positively than typical for the Fund's advancement of knowledge in their fields, awareness of their challenges, and provision of intensive assistance beyond the grant.

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<sup>1</sup> Ratings described in this memo as "significantly" higher or lower are statistically significant at a P-value less than or equal to .1

## Overall Understanding of and Perceptions of Impact on Grantees' Fields

- The Democracy Fund is rated higher than the typical funder in CEP's dataset for the extent to which it has advanced the state of knowledge in grantees' fields.
  - The Fund's grantees also rate similar to grantees of the typical funder for its understanding of their field.
  - In comments, grantees recognize that the Fund is "[making] all kinds of substantive contributions to some of the domains in which we work" and "playing an important leadership role among the philanthropic organizations investing in democracy reform."
- Still, compared to 2014, grantee ratings trend lower for the Democracy Fund's impact on grantees' fields and its effect on public policy.
  - Grantee ratings now place the Fund in the bottom third of CEP's dataset for these two measures.
- The largest proportion of grantee suggestions (28 percent) describe challenges with the Fund's current strategies.
  - Several grantees express a desire for more urgency in the Fund's work, and suggest making "bolder efforts to make our democracy work better."
  - Other grantees question whether the Fund's current approaches will achieve the desired impact, and suggest that the Fund's current processes and requirements hinder its potential impact.



*"Because of the magnitude of the funding available for our field, and the lack of other philanthropic organizations in the field, DF is by far the most significant player. I have also seen even over just two years that DF's reputation has been burnished because of the expertise it brings to the table. DF thinks long-term, and figures out what are the strategic steps to get there. I love that it is here for the long haul."*



*"...they seem to be trying to develop programs in-house in addition to being a funder, and even when goals are explained, there doesn't seem to be a clear path to success or even a real idea of how their programs in the field will interact with grantee work (which sometimes overlap?)...it feels like they're trying to play both a facilitator and an actor role in the space, and the what/how of that dichotomy is really unclear."*

## Perceptions of Organizational Impact and Grantmaking Patterns

- Grantees in 2017 rate the Fund at the median of CEP's dataset for its understanding of their strategy and goals, and they rate in the bottom quarter of CEP's dataset for the Fund's impact on their organizations.
  - Grantee ratings for both measures trend lower compared to 2014.
- The Fund's grantmaking patterns differ from the typical funder in CEP's dataset, where the Fund provides grants that are larger than typical (\$250K at the median) and a larger proportion of grantees report receiving operating support (37 percent).
- Certain grantmaking patterns are associated with significantly more positive perceptions of the Fund's impact on grantees' organizations.
  - Grantees who report receiving operating support or grants larger than \$200K rate significantly higher for the Fund's impact on their organization and their ability to sustain the funded work.

- CEP’s research finds that the specific pattern of larger (often six-figure), multi-year, operating support grants is associated with significantly greater perceptions of impact.
- Just over a third of the Fund’s grantees receive this pattern of funding, and these grantees rate significantly higher for all aspects of the Fund’s impact, the helpfulness of the selection process, and spend significantly less time on the reporting/evaluation process.

*“Democracy Fund’s systemic approach is highly valuable. By encouraging people to look at the overall systems, it has had a positive impact. Its systemic approach can get lost in translation between strategy and grant-making, which seems more influenced by trends, but one can never doubt the dedication and sincerity of Democracy Fund’s efforts...”*

*“...it’s smart for them to partner with local funders and empower them to regrant the dollars, rather than the Fund trying to create relationships with organizations in local places where it has no history or experience. It’s more efficient and effective to work with local funding partners.”*

## Assistance Beyond the Grant

- Across funders, CEP’s research finds that grantees who receive the more intensive patterns of “comprehensive” or “field-focused” assistance beyond the grant report significantly more positive perceptions of their funders.
- Forty percent of the Democracy Fund’s grantees report receiving these intensive patterns of non-monetary assistance, which is a substantially larger than typical proportion and in the top 10 percent of CEP’s dataset.
  - These grantees rate significantly higher, often a full point or more compared to other grantees, across most measures in the report. These include aspects of the Fund’s impact, strength of relationships, overall transparency, and helpfulness of processes.
- When asked a custom question about the value of activities beyond grantmaking, grantees rated connecting grantees to new funders, hosting and facilitating private meetings of stakeholders, and connecting grantees to potential nonprofit partners as the top three most valuable areas toward the achievement of Democracy Fund’s goals.
- In grantee suggestions for the Fund, 20 percent of comments mention opportunities to build on current assistance beyond the grant through convening and collaboration, training, and capacity building.
  - When asked which opportunities to bring grantees together would be most beneficial to their organizations, the Fund’s grantees rated most positively for an annual in-person grantee executives meeting.

*“I did enjoy the quarterly grantee meetings. I understand as the Fund has grown, they’ve perhaps become too large. But I wonder about opportunities to bring grantees together to brainstorm and foster further collaboration.”*

*“[I suggest] building a better network among grantees, sharing new learnings and best practices (either in terms of grant management/evaluation or field-specific insights) among their networks, doing more proactive communication with grantees.”*

## Relationships with Grantees

- CEP’s research finds that strong funder-grantee relationships – defined by high quality interactions and clear, consistent communications – is the strongest predictor of grantees’ perceptions of impact on their fields, communities, and organizations.
- Several grantees provide positive comments about their work with Democracy Fund staff, expressing appreciation for the quality of the Fund’s interactions and communications.
  - One grantee shares “Staff are very helpful, knowledgeable, respectful and true partners in our work” while another describes staff as “unfailingly polite and extremely knowledgeable, competent, and professional.”
- Similar to 2014, grantees also rate more positively than typical for the Fund’s awareness of their organizational challenges.
- However, in recent years the Fund has substantially increased its number of grantees and staff. Potentially related to this growth and other changes in strategies and approaches, Democracy Fund grantees in 2017 rate in the bottom quarter of CEP’s dataset and significantly lower than in 2014 for the overall strength of their relationships with the Fund.
  - Grantee ratings are consistent across measures of both interactions and communications with the Fund, and are significantly lower than in 2014 for fairness of treatment, responsiveness of Fund staff, and clarity and consistency of Fund communications.
- Notably, grantee perceptions of their interactions and communications with the Fund vary significantly, with some grantees reporting significantly more positive relationships.
  - The 78 percent of grantees who report that their program officer initiates contact more or as frequently as they do rate significantly higher for most aspects of their relationships.
  - The 74 percent of grantees who experienced a substantive discussion with the Fund about report(s) submitted as part of the reporting process rate significantly higher for most aspects of their relationships.
  - The 40 percent of grantees who report receiving intensive assistance beyond the grant rate significantly higher, and near the top quarter of CEP’s dataset, for the strength of their relationship with the Fund.
  - The 30 percent of grantees who report receiving a site visit rate significantly higher for the strength of their relationship with the Fund.
- In grantee suggestions, 20 percent of comments mention clearer communication and more transparency from the Fund.
  - Several grantees comment specifically on a lack of clarity about the Fund’s goals, suggesting “More clarity about their goals and efforts. I understand there is still evolution and building going on, but I hope there will be a unified and specific mission concept in the future.”
  - Other grantees suggest “Clearer directives around who should be contacted for which purposes” and that the Fund “do a better job keeping its key people up to date with the changes in order to reduce the mixed signals received by grantees.”



*“Regular communication with our program officer was helpful, though the decreasing availability of senior foundation staff has made it harder to leverage funding to attract additional foundation resources. During the start of our grant.... senior staff provided invaluable guidance with our organizational development at first, but we have not received this for the past couple years as much, even though we greatly need it.”*



*“The dedication of individual staffers is superb, and many are smart thought-leaders. In terms of challenges, there can be a gap between its theoretical approach and experience/understanding of real-world operations and needs....It seems very centered in the Washington think-tank world. Its strategy seems to change and sometimes is hard to correlate with its actual grant-making...”*

## Selection, Reporting, and Evaluation Processes

- Dollar return for the Fund’s grantees, the median grant dollars awarded per process hour required, is in the top 25 percent of CEP’s dataset.
  - Compared to 2014, grantees also report spending fewer median hours on the Fund’s proposal and selection process (24 hours in 2017 vs. 40 hours in 2014).
- In contrast, the helpfulness of the Fund’s selection/proposal process in strengthening grantees’ organizations has declined significantly since 2014, and now falls in the bottom quarter of CEP’s dataset.
  - The Fund’s grantees rate in the top five percent of CEP’s dataset for the level of pressure they feel to modify priorities in order to create a grant proposal that was likely to receive funding.
- Grantees’ time spent on the monitoring, reporting, and evaluation process is similar to 2014.
  - The 42 percent of grantees who received one year grants from the Fund reported, on average, spending 13 more hours on monitoring, reporting, and evaluation processes compared to grantees who received multi-year grants.
  - Roughly three quarters of grantees, a higher than typical proportion, report having a substantive discussion with the Fund about submitted reports.
  - These grantees rate significantly higher, often a full point or more compared to other grantees, across most measures in the report. These include aspects of the Fund’s impact, strength of relationships, and overall transparency.



*“The Fund continues to be extremely valuable to our organization. However, I have never encountered a foundation with more intense reporting requirements. I would love if the Fund brought the same degree of thoughtfulness to their reporting requirements that they bring to everything else....If reporting requirements can't be demonstrated to increase the impact of grantees then it feels like a huge drain on organizational resources...”*



*“The process has improved over the years: more streamlined, less unnecessary reporting and requirements. All staff members have always been kind and responsive, but because the Fund and its staff are in various stages of transition, this has impacted the ease and quality of communications.”*

## Democracy Fund Highest and Lowest Ratings

The following tables show the highest and lowest Democracy Fund grantee ratings in 2017. The first table is ordered based on average grantee rating on a 1-7 scale, and the second table ordered by percentile ranking compared to CEP's full dataset—both perspectives are important to consider. Where differences exist between average ratings and percentiles, those reflect measures where grantees inherently rate more or less positively across funders.

An asterisk below notes a new survey question that depicts comparative data from 37 funders in 2017.

Highest Average Ratings	DF 2017 Average	DF 2017 Percentile	Lowest Average Ratings	DF 2017 Average	DF 2017 Percentile
Fairness of grantee treatment	6.27	15 <sup>th</sup>	Pressure to modify grantee priorities	3.10	97 <sup>th</sup>
Responsiveness of Fund staff	6.02	16 <sup>th</sup>	Extent to which evaluation resulted in changes*	4.18	4 <sup>th</sup>
Incorporating grantee input into grant evaluation*	5.90	79 <sup>th</sup>	Effect on public policy in grantee fields	4.20	26 <sup>th</sup>
Impact on grantee organization	5.80	20 <sup>th</sup>	Helpfulness of selection process	4.53	16 <sup>th</sup>
Understanding of grantee strategy and goals	5.77	50 <sup>th</sup>	Level of staff involvement in proposal process	4.62	86 <sup>th</sup>

Highest Percentile Rankings	DF 2017 Percentile	DF 2017 Average	Lowest Percentile Ratings	DF 2017 Percentile	DF 2017 Average
Pressure to modify grantee priorities	97 <sup>th</sup>	3.10	Extent to which reporting process is straightforward*	1 <sup>st</sup>	5.49
Level of staff involvement in proposal process	86 <sup>th</sup>	4.62	Comfort approaching the Fund	3 <sup>rd</sup>	5.60
Incorporating grantee input into grant evaluation*	79 <sup>th</sup>	5.90	Consistency of information across resources	4 <sup>th</sup>	5.34
Awareness of grantee challenges	72 <sup>nd</sup>	5.50	Extent to which reporting process was aligned to timing of work*	4 <sup>th</sup>	5.32
Advancing field knowledge	71 <sup>st</sup>	5.35	Extent to which reporting process was relevant to work*	4 <sup>th</sup>	5.59

## Summary of Differences by Grantee Subgroup

Using the Democracy Fund's grantee contact list, CEP analyzed data to determine any differences by grantee subgroup. While there were no clear patterns or consistent statistically significant differences between groups, the summaries below detail where some differences in ratings exist.

- **Grant Total:** Grantees that received a grant above \$200,000 from the Fund rated significantly higher for the Fund's impact on grantees' organizations, grantees ability to continue funded work, and certain measures related to the selection and reporting/evaluation process. However, no significant differences exist for aspects of grantees' relationships with the Fund.
- **Grant Year:** Grantees that received a grant in 2015 rated significantly higher for several aspects of the reporting process, compared to grantees that received grants in 2016.
- **Grant Type:** Grantees that have renewed a grant with the Fund rated significantly higher for the Fund's impact on grantees' fields and the consistency of information provided by communications resources, compared to grantees that received a new grant from the Fund.
- **Program Area:** Elections grantees rated significantly lower than Public Square grantees for how straightforward and timely the reporting process was for their work. Additionally, Elections grantees rated significantly lower than Public Square grantees on the extent to which the Fund is open to ideas from grantees about its strategy. No other statistically significant differences were found.
- **Contact Change:** The group of grantees that experienced a contact change during the grant process was too small to statistically compare against the group of grantees that did not experience a contact change.

## Next Steps

We look forward to discussing this grantee feedback and to supporting the Democracy Fund's efforts to build on its strengths and address potential areas for improvement.

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