

Do Funders Understand the Nonprofit Burnout Crisis?

WITH

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FTP S7 E01 - ELISHA SMITH ARRILLAGA

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Welcome to Season 7 of Fund the People's Podcast! We have published over 80 episodes of this show since Fall 2020, and we've got a great new slate of episodes lined-up for you as we launch this 7th season and head toward our 100th episode! I'm your host Rusty Stahl. I'm Founder, President and CEO of Fund the People, which is itself a national nonprofit project housed at our fiscal sponsor, Community Partners. I wanted to let you know a little bit about the things we do aside from this podcast, because many of you who are listening may really think Fund the People is a podcast but we're actually a lot more. So I'm going to take a few minutes to share that with you and then we'll dive into the first episode.

Back in May 2024, at the end of Season 6, we celebrated the 10th birthday of Fund the People! And we launched our Funding that Works Academy, featuring our first online course for funders. The course teaches grantmakers the fundamentals of our talent investing theory and practice, our framework which we call The Funding that Works Framework. So, I invite you to visit our website, fundthepeople.org — or go directly to fundingthatworks.org to learn more about that.

Since then, during summer and fall 2024, we've been hard at work on non-podcast activities. We did a virtual listening tour, and talked with many of you over four sessions about what you want and need from Fund the People. We engaged in the process of visioning and planning for our organizational growth, to meet the intense needs of the field as we continue to go through this period of burnout and issues of recruitment, retention and compensation that are really such a problem for so many people and organizations right now. We think that Fund the People has an important role to play, because until us there was no national organization out there advocating on behalf of the interests and needs and value of the nonprofit workforce.

We also launched a new initiative which we call our California Talent Justice Initiative. This builds on the research and tools we produced under the Talent Justice Framework and you can find that research and toolkit on our website, you can also go to talentjustice.org to get there directly. Now, this California initiative, this is our first place-based effort in one of the largest and most influential hubs of nonprofits and funders in the United States. So we're excited to be working with folks there. Here is a summary of the three components of that initiative so far:

First, we built partnerships with statewide, regional, and local colleague organizations. So shout-outs to CalNonprofits, Philanthropy California and its three member associations, and many more.

Second, with our partners, we brought together over 130 funders, nonprofits, and intermediaries for our unique brand of “silo-busting dialogue”. We held three regional, half-day events for this kind of dialogue in Northern California, L.A., and San Diego. And these conversations were really high energy opportunities to talk about: What are the needs for investing in the nonprofit workforce? What are the barriers to investing in the nonprofit workforce? From different perspectives, from inside foundations, from inside nonprofits, and from those intermediary organizations that support the field. And then folks were talking about: How do we break from these barriers together? How do we work across silos to break through these barriers? So it was really inspiring to hear what people came up with.

And third, we are in the midst of preparing for our statewide California Talent Justice Summit, an invitation-only gathering of about 200 people from across the state in December 2024 in Berkeley, California. Participants will include many of those folks who came to the regional events and many others. And, again, we'll engage in silo-busting dialogue, we'll hear from speakers about current efforts to invest in the nonprofit workforce in California, and the Summit is going to empower and encourage participants to determine their own action plans and commitments for talent-investing toward talent justice as we move into 2025. And after the Summit in the new year, we will continue organizing and following-up to support and challenge participants to keep going with their action commitments. We're going to be talking about that more in this podcast, and featuring some of our speakers and participants from these California events – so that you can get a glimpse into what's happening through this podcast. Now, if you are based in California or you work in California and you think it makes sense for you to be part of the Summit, feel free to go to our website and go to the California convening's page, and send us a message through the page to request an invitation. Or you can email me rusty@fundthepeople.org about your interest.

One of the cool things that's happened from spending time in California in our three regional gatherings was hearing folks who are listening to the podcast and then get to come in person and participate in the Fund the People conversation. So, for example, I met one consultant who is a coach to nonprofit folks, she came to one of our events and she came up to me afterwards and said: I listen to the podcast; I listened to this one episode and I loved the guest and I reached out to them on LinkedIn, and then we had a 2 hour call and now that person is a

mentor to me. So – it was really exciting and gratifying to hear that story and, I hope, if you have stories like that you'll share them with me or share them in a review of the show on Apple Podcasts. But I'm just interested in learning how people are using the show and the resources and the people who we have on here.

So on this season of the Fund the People Podcast, and likely into the next season, as I said, we're going to feature some of the California speakers, and participants and content. And that will be sprinkled throughout our usual variety of amazing guests sharing big ideas, research and concrete resources to help you invest in the nonprofit workforce in your sphere of influence. As always, I look forward to serving you and speaking with you throughout the season. If there's anything we can do here at Fund the People to be of service to you, please do be in touch. Also, if you have feedback, if you have guest ideas, or you just want to connect, you can email me at rusty@fundthepeople.org, it may take me a little while to get back to you, but I will read it and respond or you can connect with me on LinkedIn, and let me know you're a podcast listener!

So Welcome to Season 7, let's dive into the show!

(MUSIC)

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RUSTY

Thank you to our guest for making time to be here. In this episode, you'll get essential research data from the Center for Effective Philanthropy about the state of nonprofits in 2024. Their finances, their relationship to their funders, and their experiences with burnout and well-being. And you'll also get research information about how funders are perceiving, responding to nonprofits in terms of the burnout crisis going on in the sector.

So our guest today is Elisha Smith Arrillaga, Ph.D. She's Vice President of Research at the Center for Effective Philanthropy, where she manages the research team and leads in the creation, development, analysis and release of various research projects and initiatives relevant to the philanthropic sector's most pressing issues. Before joining CEP in 2023, Elisha was a faculty fellow and professor of Practice in Philanthropy and Education Policy at the University of Texas. She previously held the roles of Managing Director of the Dana Center at the University of Texas, Executive Director of Education Trust West, Director in the Career Ladders Project at the Foundation for California Community Colleges, Fellow at the William and Flora Hewlett Foundation -I believe the first fellow at that foundation- and a Director of Mathematica Policy Research. Elisha also serves on a range of state and national advisory boards and has published widely in the field. Elisha, thank you so much for being here.

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ELISHA

Thanks so much for having me, Rusty.

RUSTY

Yeah, I'm excited for this conversation and there's so much important information that you and your colleagues have brought to us in this pair of reports and I think the Fund The People community is going to be really interested in learning about that. Yeah, let's just kick off with a quick introduction to who you are. I read your bio, but tell us what has motivated you to work in social change, in philanthropy, in the nonprofit community.

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ELISHA

Yeah. Well, I'm super excited to be here today, Rusty. And this work today is really a continuation of, for me, what really started as a dream in childhood. I was raised, born and raised in Mississippi, in Tupelo, Mississippi. And both my parents were really involved in the civil rights movement there. And I'll never forget, one day when I was ten years old, Yolanda King walked into our living room and she and my mom were good friends, they had gone to college together. And for me it was like meeting a celebrity because my parents really instilled in my two sisters and I that we weren't just here to take up space, that we were here to serve and contribute to the world.

And so for my career, I really tried to use research and advocacy and philanthropy as tools to really make change for social justice and racial justice. And so the work that I'm doing now at CEP for me is really a continuation of that, really about trying to provide people data to make good decisions about how they're using their resources to be most effective.

RUSTY

Thank you for sharing that powerful story about the values that were inculcated into you from an early age. Tell us about the Center for Effective Philanthropy, give us the basics for anyone listening who may not be familiar with the institution.

ELISHA

So the Center for Effective Philanthropy has been around a little over 20 years and was founded by Phil Buchanan and others with the idea that foundations could really benefit from having data from their grantees to inform their grant making practices. And so out of that has grown an organization now that has worked with over 300 foundations, both in the U.S. and in Europe. And there's a lot of work that we do but two of the main pillars are the Grantee Perception Report, where CEP surveys grantees of foundations and then provides that feedback back to foundations to help them change their practices and adjust accordingly.

And then the second piece is independent research on the sector, which is the team I lead, where we run independent research projects, really trying to gather data mostly on foundations that are doing over \$5 million in grant making to try and lift those best practices and what the data is telling us, to the field.

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RUSTY

Great. Well, you know, the Center for Effective Philanthropy, I'm a big fan of what it's done over the years. I think the Grantee Perception Report that you mentioned has created such an important feedback loop that just didn't previously exist for funders. And, you know, one of the things I love about CEP's work is that the messages are often common sense, but they are data driven and they can be heard by foundation executives and boards maybe in a different way than if we all just said this is what we know intuitively. And here at Fund The People we've been proud to work with CEP over the years, providing some blog posts on your blog, in particular in response to this kind of series of studies that CEP has done that you all call The Nonprofit Voice series or The State of Nonprofits. So those have been, I think, really powerful contributions to the field in terms of what funders need to know about what's happening in the nonprofit sector. And so we're going to be talking about the latest research in that Nonprofit Voice line of studies. This is the fourth one I know about, I don't know if there are others that I've missed. But before we kind of dive into these two new studies that we're going to talk about, I was curious, since CEP has mostly focused on the foundation audience and what funders want and need to know about their own practice, I was curious how you see this Nonprofit Voice line of studies fitting into that, given that it's not asking grantees to tell their funders what they think of them, but rather asking grantees what's going on with them. And then in this latest study, asking the funders for their perception about what's happening in the nonprofit. So I was just curious if you could talk about how you see this research fitting into the broader CEP research agenda.

ELISHA

Sure. Well, I think this research is super pivotal and important and pretty central to the CEP agenda, partly because not every foundation does a grant perception report, right? I mean, we wish they did, that would be great. You know, folks also collect feedback in different kinds of ways, but some people don't collect feedback at all from grantees. And so for foundations that are not collecting that information, the State of Nonprofits report really provides data across the field. And the data, the sample for the Nonprofit Voice studies are nonprofits that are receiving grants from funders that do over \$5 million in grant making. So it's a specific group of nonprofit organizations. So the idea is really like, hey, if you're not doing a grantee perception report, here's another way where you can find out what's happening for nonprofits to try and provide feedback, so that foundations are getting this data from somewhere, even if they're not getting it for themselves individually.

RUSTY

That's cool. Yeah. And we should say upfront, the Center for Effective Philanthropy is an independent nonprofit organization. Funders pay for these sort of customized grantee perception reports, which is important but this research is sort of more free and generally available. Can you tell us, so I am not a scholar trained in research methodology, so I'm curious to know how you selected the nonprofit leaders who are responding. Are they all grantees of foundation that do grantee perception reports? Or how did you get them? How many are there? What roles do they play? Like, who are these people who are responding?

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ELISHA

Sure. So the way that the Nonprofit Voice Project works is that we at CEP take a random sample of nonprofits using 990 data that we pull. So we pulled the 990 data from all U.S. nonprofits, but then we narrowed that sample down to nonprofits that have the following characteristics: that they have received funding from a foundation that does over \$5 million in grant making, they're in the U.S. And then, of course, we pull a sample of a certain size, we can't survey everyone and we're a small team as well, but we pull a random sample and then we invite folks, nonprofits in that sample, to participate in the panel, so basically to agree for us to survey them two times a year. And for those folks that agree to be surveyed, that's how we are able to obtain this data and usually get around a 60% response rate for those nonprofits. So, you know, as I say, there's a specific group of nonprofits, those that are receiving foundation funding. I think we can have a whole other discussion, Rusty, about who's not receiving foundation funding and who might not be represented in the sample. But I would argue that, you know, that's a philanthropic, larger scale question that is maybe outside the scope of this podcast but something that definitely needs to be discussed as well.

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RUSTY

Yeah, thank you for raising that very good point, because that is also like a vicious cycle of groups that don't get funding, from one foundation, don't get it from a lot. And if you don't have it, it's hard to break in. And certainly the groups that are considered low capacity to get or receive philanthropic dollars then get further marginalized and it makes it harder for them to build that capacity to get and receive those dollars. So, yeah, That's a good point. Thank you. So are these all executive directors then who get invited to respond?

ELISHA

That's exactly right. So then we invite the executive director or the executive director can, you know, appoint someone on their senior team to complete the survey. But the survey itself goes to the executive director of the nonprofit organization.

RUSTY

So it really is this random sampling of, you know, within those parameters of nonprofits around the country that fill out 990 and get foundation dollars.

ELISHA

Exactly.

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RUSTY

Okay. That's really interesting. And then there was one of these studies published in summer of 2023 and it's the same people responding to the one published in June 2024. Is that, do I have that right?

ELISHA

Yes, that's correct. Yep. We'll survey this sample one last time in a couple of months, and then we'll refresh the panel for next year.

RUSTY

Okay. So you're going to keep doing this annually from here on.

ELISHA

That's our current plan. Yes.

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RUSTY

Great. Well, I love that because, you know, there was one in 2013, there was one in 2018, and then there was one in 2023 and now 24. So it sounds much better to have them happening annually. So I think that's a great, great development, unless I'm missing something from what I've been able to see.

ELISHA

No, you're exactly right, Rusty. I mean, I think we've just realized that this is so important it's something that we need to do annually. And we're doing a webinar on the results, and there are over 1200 people registered. And I think it just shows there's such an interest in the topic. Most of the folks registered are funders. And so I think it just shows like even if people aren't doing the grantee perception report, there's a lot of interest in trying to understand what are some of the main concerns, celebrations, issues, things that are top of mind for nonprofit leaders at this moment,

RUSTY

Wow. 1200 people. That's amazing. And we are recording this in June of 2024. It'll come out in the fall. So that webinar will have happened already, folks. But we're going to give you some of the information that everyone on that webinar is going to get.

Okay. So there's two reports that we're going to talk about today. The first is called the State of Nonprofits 2024: What Funders Need to Know. And then the second is: How Foundations are Supporting Grantee's Staff Wellbeing. Before we even dive into the first one. You've added this, what you're calling a snapshot, this How Foundations are Supporting Grantee's Staff Wellbeing. What was the impetus for adding that funder angle to your study when previously these reports had really focused on what was happening in the nonprofits?

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ELISHA

Yeah well, we this year launched this new series called Research Snapshots which are just shorter pieces and so that are 8 to 10 pages, you know, trying to give information on timely topics. And so this particular snapshot on wellbeing is the second in the series. And one of the reasons we thought it was so important to release it really close to when we released the State of Nonprofits report is, you know, the State of Nonprofits report lifts up what are some of the

main issues for nonprofits that are top of mind and one of the ones that we'll, of course, talk more about is burnout and wellbeing. And given that we were seeing that data, we thought, wow, wouldn't it be powerful to release a snapshot around the same time that focuses on if nonprofits are saying this is what they're experiencing, how are funders responding to that? Are they aware this is happening? If so, what are they doing? And so they really kind of serve as companion pieces. They talk with one another to try and show, you know, one from the nonprofit perspective that this is an issue that came out in the data. And then from the funder perspective, how are funders thinking about it? How are they talking to grantees about it? And what's kind of being done to address it?

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RUSTY

Great. So let's share the three findings. First, digging into the State of Nonprofits 2024 study. There are three findings in this report and then three findings in the Funder Snapshot Report.

So in the State of Nonprofits 2024 report, the three findings, I'm just going to read them out and then we'll go into each one a little more. So the first one is: burnout for both nonprofits, staff and leadership, meaning I guess, the executive director and people in the C-suite. Burnout remains a top concern for most nonprofit leaders, with half of nonprofit leaders feeling more concerned about their own burnout than they did this time last year. The second finding is, as in the 2023 study, most nonprofits experienced either a balanced budget or a surplus in the most recently completed fiscal year. And the majority anticipate breaking even or having a surplus this fiscal year. The third finding is that the majority of nonprofit leaders report that funders are maintaining or making new commitments to change their grantmaking practices, including reducing funding restrictions or streamlining processes. So that's actually a lot of information there in those three findings and spans a bunch of important topics. Any comments overall on sort of those three findings? And were there any surprises or big "ahas", especially comparing it to the 23 findings?

ELISHA

Well, I think one of the things that we were excited to learn was that nonprofits were reporting that funders were staying true to some of the commitments they made around grantmaking practices similarly to 2023. You know, in terms of that last finding the, you know, reducing funding restrictions, streamlining processes. I'm excited for us to dig into that here and talk about how funders have continued that and what that looks like. And then, you know, I think the findings around burnout are something that we all need to be paying attention to and thinking about, and so excited to really dig into that, too, because it's super important.

RUSTY

Yeah, it certainly is. I think that that'll be probably my main focus. So let's go into that one. So the first finding about burnout, you know, basically sees that burnout among the, you kind of parse out staff and leadership and, am I right that by leadership you're talking about executive directors and C-suite people? So it kind of says basically that EDs, the executive directors or whoever responded to the survey for them are just as concerned as they were last year about

their employees burnout, and they're much more concerned about their own burnout, do I have that right?

ELISHA

That's right. Yes,

RUSTY

So what does it mean that half are more concerned about their burnout than they were last year? So does that mean that the number of EDs concerned with their own burnout doubled from last year? Or how does that?

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ELISHA

So, I mean, what we were hearing from nonprofit EDs in this study, and what we did by the way, is we not only surveyed them, but we did follow up interviews with a subset to try and dig in more to like what some of the issues were that they were encountering. And we asked also a lot of open-ended questions to try and dig into it. And what we heard is that leaders describe just having to pivot among a lot of different aspects of their organization's work and being overextended as a result. And so we look at them and nonprofit leaders' levels of burnout, 33% said that their own burnout was very much a concern, and 28% said that their own burnout was somewhat a concern. And so those numbers are definitely higher. And then when we asked that same question last year, you know, here's one of the things, for instance, that one of the leaders noted, and this is a quote: "As the executive director, I'm the only C-level executive within the organization. Maintaining the budgetary discipline we need for an organization our size can be demanding when added to all my other duties, human resources, I.T., infrastructure, programmatic work, etcetera". So we heard a lot of that kind of thing from executive directors, just in terms of the number of things they're managing, and then also just the historical moment that we're in, adding a lot of stress as well.

RUSTY

Yeah. I mean, having a staff that you're concerned about burning out is also a cause of burnout, right? If you're trying to keep everyone going. And then there's been so much trouble with retention and recruitment that it's become harder to keep a team in place. So, yeah, I think those conditions, they keep extending into more and more years than I think maybe everyone anticipated. There's just some amazingly sad and powerful testimonials from people like that in the study. One thing I noted in my guest blog post response was this idea that, you know, EDs are not refilling positions in order to help balance the budget, and maybe because they can't find new people or they can't pay well enough to find the people they need. And so there's sort of this tradeoff in the report that comes to the surface of, yes, we have a balanced budget, but we're sort of doing that on the backs of workload because we're understaffed and so the balanced budget is actually reinforcing the burnout factor.

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ELISHA

Yeah. That could definitely be the case. I mean, when we talked with nonprofit leaders, and in the survey one of the things that we learned is that (and this is consistent with findings from last year) that staffing continues to be top of mind for nonprofit leaders. And, you know, some of the reasons for departures at nonprofits, when they have more staff leave than typical, are things like they had the inability to pay competitively or they lost funding or they had the inability to provide competitive benefits such as remote work or flexible hours. And then to the point you were making, Rusty, issues with their own staff, with staff stress and burnout. All three of those reasons were reasons that they were having more departures than normal. And so, even though we see, you know, in the second finding that budgets are remaining stable, you know, there is a question around at what cost is that happening?

RUSTY

Yeah. And it was really interesting. I was looking back, actually I was privileged to write a blog post in response to the 2023 study on your blog, as well as this year, and I was looking back at last year's where I tried my best to compare some of the findings from the previous, the 2013 and 2018 studies and then the 2023. And it was clear that in the previous years, 2023, 2018, staffing was not the highest priority for the nonprofits, it was fundraising, communications and staffing in 2018. And CEP asked funders and nonprofits for their top six organizational priorities in the grantee or in the organization, nonprofits listed staffing as the second highest priority, but the funders didn't have staffing in their top six list of priorities that they perceived for their grantees in terms of capacity building. So there was definitely a mismatch there, even back in 2018, between what funders saw as the capacity building priorities and what nonprofits saw as the capacity building. But staffing still wasn't the top top thing in the nonprofit responses until 2023. It has stayed that way in 2024 right?

ELISHA

Yes, that is right. It was the top concern last year. And again, the top concern this year. And I think that consistency is really important for us to pay attention to.

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RUSTY

Absolutely. And one of the things from last year's report that I have kept in mind is that concern with staffing was like a bundle of issues. It wasn't burnout alone. I think it was recruitment, retention, pay and burnout, I think.

ELISHA

Yes, that's right.

RUSTY

But so like pay was in there. But I feel like in the discourse in the philanthropic community that's been happening over the last year or so, there's so much focus on wellbeing and wellness, so the burnout issues, but not on the pay issues or the recruitment and retention issues as they relate to pay, but more as they relate to burnout. So I just think that may be an imbalance, at

least in my perception. I don't know if it's in the data, but that's sort of my perception of the imbalance in the funder conversations.

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ELISHA

Yeah. I mean, that would make a lot of sense, Rusty. I would agree. I mean, one of the things I think too that's important to know, kind of in that same vein, is when you have these issues of burnout that are not being dealt with, then it also impacts the ability of the organization to achieve its mission. So, for instance, we found this year that 25% of nonprofits that responded said that staff burnout is either moderately or significantly impacting their ability to achieve their mission, which is huge because nonprofits provide so many services that are the backbone of communities across the country. And so is one of the reasons why this mismatch that you're calling out is really important to pay attention to and to address.

RUSTY

There's so much more to talk about here in this just this first finding around burnout. But let's leave it there for the moment and move to our second finding that most nonprofits experienced either a balanced budget or surplus in the most recent fiscal year and most anticipated again for this fiscal year. Do you want to share any further information about that finding?

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ELISHA

Sure. So this finding actually for us was a little surprising, because we wondered just a lot of the conversation in the atmosphere, whether this finding (we found this a similar finding last year) was still hold true. But what we found was just under a third of leaders recorded a budget deficit in the last fiscal year, and a similar percentage anticipate a budget deficit in the current fiscal year. And so, you know 30% recording a budget deficit and then that same percent, you know, anticipating... what I mean 30% is not insignificant, but it's also not the majority of organizations. So it's just kind of interesting to note that.

But what I will say is a little bit less clear is that, so we had 239 folks respond to the survey in 2024. And then of those 239, there were 176 that responded in 2023 and 2024, so the exact same people. So for that group, we could compare. Okay, how did their responses vary over time, and what we learned was that in 2023, 19% of those respondents indicated budget deficit. But in this year's survey, 28%. So that went up by 9 percentage points. Now, that difference was slightly statistically significant, but it does make us wonder, you know, what does that mean longer term? Like, does that mean there are clouds on the horizon? We know that often the way budgets work, they can be trailing indicators because you know, if your budget runs, for instance, from June to June, like when those deficits are recorded? So there is a little bit of ambiguity around, even though right now at this particular moment, budgets are okay, we know that those budgets are okay, you know, partly due to the fact that organizations are burning out to do it. And then at the same time we see these clouds on the horizon of there are increasing numbers of folks who are reporting deficits from year to year. So it's going to be really

fascinating to see what happens in the 2025 study. And it's one of the reasons we think it's so important to do this study every year, to be able to really stay on top of what is happening, especially in this area around budgeting and fiscal responsibility.

RUSTY

Wow. Yeah. Thank you for that nuanced view of those two time responders. So it'll be great to have them hopefully respond for the third time so you can compare hopefully again, those particular respondents. Okay. And the third finding that the majority of nonprofit leaders report: funders are maintaining or making new commitments to streamlining and reducing restrictions. What can you tell us about that finding?

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ELISHA

Well, this finding is something that at CEP we're very excited about. You know, there are a lot of funders who, during COVID said, hey, we realize we don't need to do this long report, we can do a verbal report, or we're going to have a shorter application that's streamlined and those are practices that based on our research we know they work well. And so it was great to see more funders implementing those during COVID, and then it was even more exciting to see that, even now in 2024, there are a lot of funders who instituted those things and they've kept those changes in place and I think that's really powerful. So we're excited to see those changes remain.

I think the area where there are a lot more questions are around funders approaches to racial equity. And so when we ask nonprofits about whether their funders either had commitments racial equity or whether they are reducing those commitments, we see that about 35% of organizations reported that their funders either had no commitment to racial equity or they were reducing or ending those commitments. And I think, you know, one of the things that's really interesting here is, once again, these are nonprofit organizations who are receiving grants from foundations that do over \$5 million in grant making. You know, one can make an argument because we know that most nonprofits that are doing work in local communities they have very small budgets, less than \$500,000, and they're not getting grants from large funders and so this data might look very different if we were talking with nonprofits who are small grassroots organizations doing work in local communities, and so I think that particular indicator around approaches to racial equity is one that we'll be continuing to watch as well, because even with this group of nonprofits, we see that either folks don't have a commitment or they're reducing or ending them for that 35%. And given all that is happening right now, I'm just really interested in seeing how that shifts and changes.

RUSTY

Yeah, almost two tracks there of what happened in the pandemic of sort of technocratic, you know, streamlining grants, just making things less difficult for both grantees and we should say for the funders themselves. If you have to have conversation as a report instead of a 20 page report, multiply that by 30 grantees or something or more, you know, that's a lot easier for the program officer as well as for the grantees. So it helps everyone. But there's that track of

streamlining let's just call it, or trust based and more general op and all of those things. And then there's what's getting funded around racial justice in society and in those organizations that are getting the funding as well. So that backsliding is really problematic and it is really just a sad commentary on the risk aversion that too many lawyers for foundations, or whoever is making these decisions, have. So we're definitely going to be talking about that more on this podcast as well this season.

Yeah, I mean, I think kind of putting these three findings from the State of Nonprofits Report together, like looking at them kind of together and how they, what message they send together. It's interesting, I've seen some comments on LinkedIn or elsewhere saying like, if organizations are having a surplus or a balanced budget, why are people still burning out, you know, and sort of this cognitive disconnect in the response of readers saying, like if an organization's financially healthy, why aren't the staff feeling healthy? And I think that shows kind of an underlying assumption but we all know money can't buy happiness. So I think that's kind of an interesting thing because, you know, even if organizations have the basic money they need to operate, it doesn't mean that they can invest in their team in a robust way. It just means they have the money to do their essential job as an organization.

00:39:49:21

ELISHA

That's exactly right. It doesn't mean that they're thriving, right? That they're able to pay their staff a liveable wage. It doesn't mean that they have all the resources they need to actually... or that they have enough staff to do the work that they really need to do. You know, we all know that balanced books are one thing, and then what the work looks like on a daily basis can be a different thing in terms of how you're able to actually meet those financial objectives. And so, you know, a lot of the work, frankly, Rusty, that you're trying to do, which is about funding the people who are doing the work, right? Like none of the work that nonprofits are doing can happen without the humans who are every day, you know, in workplaces across the country doing really difficult work in a really complex context right now. And both the emotional toll that takes and the psychological toll that takes, as well as just like the economic circumstances under which people are operating, it means that we need to invest in people, right? We need to pay them liveable wages. We need to make sure that they have the benefits they need to take care of their families and themselves so that the important work that they are doing in communities can continue.

RUSTY

That makes me think, like, if we took into account how much we're underpaying people in those organizations, like, what are they making? What kind of benefits do they have? Is the organization paying for health insurance or contributing towards retirement savings for everyone? If you took into account the underpay, under compensation, right, those books might not look as balanced. You know, there's one study I was just looking at from Washington State in around Seattle where a scholar found that, you know, there was like a 30 to 37% gap for nonprofit human services workers compared to people doing the same kind of job with the same kind of skills in for profit or government based jobs. And so their point is like actually the books

may look balanced, but if you were paying people a real comparatively decent wage, what the nonprofits tend to pay, there's actually this huge, deficit. You know, maybe it's the nonprofit people who are balancing the books, underwriting those costs.

Okay so, for the sake of time, let's move to the second amazing report, how foundations are supporting grantees staff wellbeing. This is the Research Snapshot series from June 2024. Three findings here as well. One: most foundation leaders report some degree of understanding about the wellbeing of staff at organizations they fund. Two: most foundation leaders are concerned about burnout among staff at the organizations they fund. And three: half of foundation leaders report that their foundation is engaged in practices to support the wellbeing of staff at organizations they fund. So let's talk about those findings. Funders are saying they have some degree of understanding about burnout and well-being issues in their grantee organizations. Give us a little more color to that finding.

00:43:00:24

ELISHA

Sure. So when we asked foundation leaders, you know, how well do you understand the wellbeing of the staff at the organizations you fund, we had basically about a little bit over 70% reported that they have some or a deep understanding of the current state of staff wellbeing of organizations they fund. And there are a lot of different ways that foundations talked about getting that information. I mean, mostly through conversations with grantees, you know, or surveys or those kinds of things. But what we did learn is that folks are engaging in some kinds of conversations, that foundations are engaging in some kinds of conversations with their grantees about how the staff at those organizations are, what the wellbeing of the staff at those organizations looks like.

RUSTY

All right. So there seems to be kind of increased awareness, consciousness, conversation, like the funders are thinking about this and asking questions in one way or another of grantees. So that's a very positive development, I think, given what we were talking about earlier, about the 2018 study, where staffing was not really on the radar screen of funders as an issue in their grantees.

ELISHA

Yeah, definitely. I mean, we think it's great that folks are doing something about an issue, of course it starts with at least having a conversation about it. Well one, acknowledging that exists, then having a conversation about it. And so, you know it is positive that if folks are at least having conversations about the issue and thinking about the topic that is top of mind.

00:44:44:20

RUSTY

Right, yeah. I mean, that's where sometimes I start when funders say, like what should I do, what's the first thing to do about, you know, the crisis in nonprofits and with my grantees? And actually I just say like, listen, you know, ask questions, try to set a supportive tone and listen to

what's going on and try to learn. But I think there's also that power dynamic of what do nonprofits really want to tell their funders about what's happening with burnout or working conditions? Because there's this fear of revealing the weak points in an organization. And so I kind of wonder how funders are asking those questions, like what questions are they asking? Is it a survey, is it a conversation, is it the PO asking or is it a consultant? Like is it anonymous? I wonder how those different approaches would impact what the funders then hear and how dramatic it is.

ELISHA

That's a great point, Rusty. I have the same questions. That would be a great thing to dig into more, actually, in the next iteration of this.

RUSTY

Yeah, I think so too. That would be a really interesting kind of data point to ask the funders, how are you learning? How are you asking about this? And maybe to ask the nonprofit folks, are you in conversations with your funders and how honest do you feel you can be with them? Because that's where the trust based issue comes back to us. The funders are saying we want to be trust based, like we want to be more trusting of grantees to use the money well and so unrestricted. But how trustworthy do the nonprofits feel their funders are? Like, How much can nonprofits feel they trust their funders? And I think that's the big question about trust in the field. It's a two way thing: Trust.

So, the second finding is most foundation leaders are concerned about burnout among staff at their grantees. So tell us about that finding.

00:46:39:03

ELISHA

So this finding also, you know, I think it just really parallels what we hear from nonprofits that at least 33% of foundation leaders are concerned about burnout for either most or all of their grantees. And then if we add in folks who are concerned about some of their grantees we're up to almost 80% of funders are concerned about burnout for some, most or all of their grantees. And so that's not an insignificant number of funders who are concerned about burnout, in the same way that nonprofits are concerned about burnout. I think the thing that really connects, Rusty, to what you were mentioning before about how willing nonprofits are to share this information with their funders. You know, one of the things that we also asked funders about was how much they felt like grantee staff burnout was then contributing to the foundation's ability to achieve its own mission. And 42% of foundation leaders in the survey said that they felt like grantee staff burnout was either moderately or significantly impacting their foundation's ability to achieve their goals.

So we see this tension, right? Like if 42% of foundations are feeling like, oh wow, there's so much burnout at the organizations I'm with and concern is impacting my foundation's ability to achieve its goals. Then I do think it raises the question of this tension of, well, then if I'm a grantee, how willing am I going to be to share like everything with my funder about what burnout

really looks like if they're concerned that I won't be able to help them achieve what it is they're trying to do. So, you know, I think the data just holds up this kind of stark tension between, you know, funders have a mission they're trying to accomplish, but they're trying to accomplish it through nonprofits. And nonprofits can only do that if they have staff that are not burned out. And so, how do you have a real conversation about: hey, we need more resources and support for our staff, we need to pay our staff more, we need to offer a 401k. Like these are a lot of the things actually in the Mackenzie Scott data that we saw when nonprofits receive large infusions of cash, they did things like raise staff salaries, add 401Ks, add different kinds of benefits. And I would imagine those are things they were doing because they couldn't do it with some of the more programmatic grants that they had prior to receiving this large infusion of unrestricted funding.

And so, you know, I think the data just raises this question around, like, how do we support nonprofits in ways where they are receiving funding that they can use in flexible ways to address things like burnout without having to go into these deep conversations with funders about maybe even things that are internal to their organization that they may not feel comfortable sharing.

RUSTY

It's interesting because I read the data almost in an opposite way to what you just said, so, very interesting. I think you're right, that is a really good point. The way I kind of saw it was like I think only 5% of the funders think that it significantly, significantly, impacts their ability to achieve their mission. So I was like only 5% of funders surveyed think that burnout in their grantees is significantly impacting the foundation and its ability to do its work. So I'm like, does this mean that funders are that callous? Like, let them burnout, who cares? We can still achieve our goals, we can get a different grantee if that one goes under or, you as long as they do the program basically, it doesn't matter if somebody burns out and leaves and is replaced, or somebody burns out and stays in place, it doesn't matter to us as a funder. It kind of made me so mad the funders don't think it impacts them. But I see totally what you're saying that there's a disincentive on the nonprofit side to talk about burnout issues with their funders if they think that it undermines their ability to remain a grantee.

00:50:52:04

ELISHA

Yeah. I mean, I frankly think both of these things can be true. They're seeing those can totally impact whether a grantee wants to share more about their situation. And I think you're also right, they're only 5% in a significantly impacting category, which is different from the nonprofit survey that we just looked at. And so I do think it also raises this question of, hey, do you really think you can achieve your mission if everyone over here on this side is saying we're burnout, we're more concerned about burnout than we were before. One could argue that 5% should be a lot higher if you're really in deep conversation and in community with your grantee partners.

RUSTY

And especially, funders tend to focus on the people they call leaders, the executive directors. And so now the executive directors are saying not only is the staff, the line staff and whoever else, but the people you care about the most, funders, which is me, the executive director, I'm more concerned about my own burnout. So, I think everybody matters and I think we overuse this term leader as, you know, positional responsibility, authority roles of executive directors. But the point is, funders tend to focus on EDs and those people are burning out, too. And so, if funders think that leadership is pivotal to organizations, the executive leadership, then they do need to be paying attention.

Okay, So let's keep going. So the third and final finding we're going to talk about today, half of foundation leaders report their foundations engaged in practices to support nonprofit wellbeing with their grantees. So can you tell us more what that looks like?

00:52:37:24

ELISHA

Sure. So this one was really interesting because, while most foundation leaders were concerned about burnout at the organizations they fund and how this may or may not be affecting the foundation's ability to achieve this mission, half of the foundations we surveyed, though, do not engage in any practices to support grantee staff well-being, which is interesting because it's like if you're concerned about something, then one would think, okay, the logical next step would be that you're doing something about that issue. And so it's interesting that half of funders reported that that was not the case. There's a lot of room for conversation there about like, well, why is that? And what has that looked like for funders who are supporting? And I think there are a lot of questions that we can ask there and that, you know, funders can be asking themselves and that nonprofits should be asking funders as well.

I think the other really interesting thing in this particular finding is that the findings also suggest that foundation leaders who report a deeper understanding of staff wellbeing and organizations they fund, they're almost twice as likely to then engage in practices to support staff wellbeing. So what this is saying is basically the deeper you are in community and understanding and relationship with nonprofit leaders that are partnering with you, the more likely you are then to support the very thing they need. And so I think, you know, and to the point you made at the very beginning of the podcast, Rusty, you know, sometimes, I feel like actually often, data is just a tool. If you're talking to someone, then you would better understand what they need and respond to it. But that's what the data is definitely telling us in this instance, for sure.

RUSTY

Yeah. I mean, philanthropy is supposed to be love for humankind. And so if you love your community, if you're trying to show love with the money in the grants you spend, can you love your grantees and the people in those? If you love the people you're collaborating with, who are doing the work, then you will care about them and their wellbeing and that includes their productivity and their jobs. And so, it comes down to respect and love and listening and responding. And it's not complicated. In fact, I remember years ago going to the conference, the CEP conference, and there was this, you all had done this study about what makes a good

grant maker, what makes a good program officer, pulling data from the grantee perception reports. And again, it was very common sense stuff, including good communication skills and really listening and understanding the issue your funding, but also the organizations and what they're facing. So it's like if you're a really good grant maker, you should be understanding the burnout and well-being issues and responding to them.

So I don't know if that means half the funders out there are not "good funders" or if they're just behind the curve. For me, my perception is a focus on the human health of the organizations, of grantee organizations, has just not been part of the job of program officers or foundation CEOs or foundation trustees. They just haven't seen it as part of their duty. It's been all about financial health of the grantee and programmatic health of the grantee. And so this human health dimension is like the third leg in the stool that's been missing, and it's still missing for a lot of these funders. It's not what they think they have to do.

00:56:06:19

ELISHA

Yeah, I think you're exactly right, Rusty. I mean, it's not that, you know, you're like, I'm going to solve climate change. You don't immediately think: well, the way to do that is to make sure that the humans who are doing that work are in a great supportive environment, where they are well physically and are not burned out, so they can actually do the things that need to be done to solve this huge issue, right? Like, I don't think the mind goes to the humans first, but I would argue that we're at a moment, more than ever, where and I think there's so many calls for this, right, like a circling back to humanity, right? Like seeing the humanity of yes, this is the organization, but there are individual humans who are there with needs and all kinds of things that the humans have to be attended to in order for that larger mission and goals to be accomplished. And so, I think a lot of what this data calls for is just a deeper attention to the individuals within organizations and not just looking at the overall organization itself.

RUSTY

Yeah, the human equation is so critical. So, you've said that CEP is prioritizing this State of Nonprofits research going to happen again next year. I applaud you and your leadership in making that happen and whoever else is making that happen internally, I think that's fantastic. I would like to hold CEP to that because it's so important and the vantage point and audience with funders is so critical. The fact that you have all these funders reading the report, coming on the webinar, paying attention now, is huge. So, as we come to the close of our time here, I'd love you to share any related resources to help people, you know, take action. So do you want to share a few things that are in the reports, or not in the reports, in terms of sort of practical resources?

00:58:02:02

ELISHA

Sure. So there are some that we name in the report are: the Wellbeing Project, which is this amazing global network and their focus is really on deepening the knowledge base around wellbeing, both for grant makers and nonprofits, but they also convene a group of grant makers

pretty regularly to just talk about best practices and also the narrative around wellbeing and exploring the link between inner wellbeing and sustainable social change. And so I think the Wellbeing Project is a great resource. One Mind at Work also has a lot of resources around internal culture and, you know, just workplaces and mental health and they're also listed in the report. And then of course Fund the People is listed in the report as a great resource just to continue the conversation around this important topic as well.

RUSTY

We're really honored to be there. I know one of the things we talked about in our prep conversation was Building Movement project as well, around their race to lead work as another fantastic resource in the field that I know you wanted to mention.

00:59:13:12

ELISHA

Yes. And Building Movement Project as well. I think the work that they've done, especially around leaders of color, is super important to this conversation, you know as I mentioned at the start of the podcast, the data we have is indicative of nonprofits who are receiving grants from foundations that do over \$5 million in grant making and we know that leaders of color are often not represented among those nonprofits and so it's one of the reasons that I think the work the Building Movement Project and so many others that they're doing is so crucial and critical.

RUSTY

I will mention here for our loyal audience that in terms of what Fund The People's offering, I've referred to it earlier, I did do this guest blog post on the CPE blog for this report as well as one for the 2023 report. And, we'll share those in the show notes along with the other resources that were just mentioned. We did a session at the CEP Conference in fall of 2023 about how funders can support grantee staff in the age of burnout and we have three fantastic foundation presidents on that panel talking about what they're doing. And so we were able to have them on episodes of this podcast as well in season 6. So we'll post links to those three episodes. We did a joint social media post on LinkedIn and Instagram between CEP and Fund The People about this report, the data and some of the resources from Fund The People. And one of the things we included there was our guide to Investing in Grantee Talent, which was written in 2017, but I think is still relevant. And then our Funding that Works Academy and our course for grant makers there, is a new resource that we launched in May that hopefully those of you listening to the podcast have heard about, but you can find that at fundingthatworks.org or at our main page fundthepeople.org. Okay. Now that I've gotten that out of the way, are there any other upcoming projects, products or materials that you have coming out that folks should have on their radar screen, Elisha?

01:01:18:24

ELISHA

Yeah, I'm super excited too, in early 2025, we'll be releasing the year three of the Mackenzie Scott study on what it means for nonprofits that receive large unrestricted gifts. And so I think that data is always just a really powerful tool because there are always so many nonprofits there

who talk about some of the changes they made internally that have to do with funding the people and wellbeing. And so I think that should definitely be of interest to this audience as well.

RUSTY

Yeah, great. So glad that and there's already great reports that you all have done on these big gifts. And so the next iteration will come out early next year. Do you want to share how folks can get in touch with you and CEP?

01:02:06:10

ELISHA

Sure, if folks should feel free to reach out to me directly at elishas@cep.org. And then I would be remiss if I did not thank the research team at CEP, all of this was made possible by the work of such talented people: Christina, Sierra, Emily and Ellie are amazing, and we put out a lot of data that we all collect each year, from that small and mighty team. So huge thanks and kudos to them as well.

RUSTY

All right. And you want to share the website or any social media links for CEP?

01:02:46:19

ELISHA

Sure. Our website is www.cep.org, so we hope you can go there and feel free to go to the resource page and download all our reports and we're also on LinkedIn and Instagram as well.

RUSTY

Great. Well, yeah, thank you to CEP, all the staff, it's an incredible team and and thank you Elisha for your time and your leadership in the field and your time today with us, really really appreciate it.

ELISHA

Thanks so much for having me, Rusty and I'm excited to be able to have this conversation with you today.

RUSTY

Same here. Thank you.