

Key Findings from the Democracy Fund 2023 Grantee Perception Report

Prepared by the Center for Effective Philanthropy

In September and October of 2023, The Center for Effective Philanthropy (CEP) conducted a survey of Democracy Fund’s grantees, achieving a 58 percent response rate. The memo below outlines CEP’s summary of key strengths and opportunities, and accompanies the comprehensive survey results, analysis, and methodology found in Democracy Fund’s interactive online report at <https://cep.surveymaterials.org> and in the downloadable online materials.

Throughout this summary, Democracy Fund’s grantee ratings are defined as higher than typical when they place Democracy Fund (“DF”) at the 65th percentile or above in CEP’s overall dataset, lower than typical when below the 35th percentile, and typical when in between those thresholds. Ratings described as “significantly” higher or lower reflect statistically significant differences at a P-value less than or equal to 0.1. Ratings described as “trending” higher or lower reflect a difference of more than 0.3 from the average rating.

Overview

The Center for Effective Philanthropy is pleased to share the results of Democracy Fund’s third Grantee Perception Report. It is important to note that these ratings should be interpreted within the context of Democracy Fund’s unique goals and approaches, particularly given the meaningful operational and strategic shifts made over the past six years, as well as the growth of Democracy Fund’s grantmaking portfolio. As such, while celebrating the improved perceptions of its grantees over time, Democracy Fund should largely consider its 2023 results as a new baseline for comparison moving forward on a two- or three-year cycle.

- ▶ Compared to 2017 – the last time DF commissioned a Grantee Perception Report – Democracy Fund grantees in 2023 routinely provide significantly higher ratings on many thematic areas addressed by this survey, including perceptions of DF’s impact, aspects related to relationship building, as well as components of DF’s grants processes. Overall, grantees share positive feedback regarding their experiences with Democracy Fund and its commitment to field building, with respondents generally rating DF above or in line with the typical funder in CEP’s dataset, as well as the typical funder in Democracy Fund’s customized cohorts of peer funders.
- ▶ Notably, grantees highlight strengths in Democracy Fund’s deep investment in and impact on their fields and organizations through grantmaking characteristics and beyond-the-grant assistance, the quality and expertise of DF’s staff, and its streamlined grantmaking processes. In the words of one grantee, “I have worked on foundation-funded efforts my entire 20+ year career in nonprofits [and Democracy Fund] has been one of the most pleasurable experiences working with a funder I have ever had.”
- ▶ Grantee feedback indicates opportunities for Democracy Fund to consider finetuning its approaches to amplify DF’s impact: more clearly and consistently communicating with grantees, providing a larger proportion of multi-year support, and offering even more beyond-the-grant assistance,

particularly the kind of supports – for example, connecting grantees to additional funding opportunities or convening grantees to share learnings – that grantees find especially valuable. These areas for potential improvement may be especially salient when examining specific grantees within Democracy Fund’s portfolio whose ratings tend to lower than their counterparts, including grantees who have received a tie-off grant and Democracy Fund Voice grantees.

Summary of Subgroup Differences

In addition to analyzing Democracy Fund grantees’ overall ratings, CEP examined data to determine any differences by grantee subgroup. While there were no consistent, significant differences across these subgroups, the summary below highlights a few areas where differences were found.

- ▶ **Funding Entity:** Democracy Fund grantees provide *significantly more positive* ratings for a few key measures related to grant processes compared to Democracy Fund Voice grantees, such as the clarity and transparency of the selection criteria, as well as the extent to which the reporting process is adaptable, relevant, and a helpful opportunity to reflect and learn. However, Democracy Fund grantees also report spending *significantly more* time on monitoring, reporting, and evaluation processes.
- ▶ **Grant Type:** Grantees receiving project support provide *significantly more positive* ratings for several measures in the report compared to grantees receiving general operating support. This includes the extent to which Democracy Fund advances the state of knowledge in grantees’ fields, its effect on public policy, as well as aspects of Democracy Fund’s non-monetary assistance (e.g., the extent to which the support met an important need, strengthened grantees’ organizations and/or programs, and was a worthwhile use of time). These grantees also provide *significantly more positive* ratings for several customized questions, including how strongly they agree that Democracy Fund supports innovation, takes risks, and is committed to achieving long-term transformational change.
- ▶ **Grant Last Awarded by:** Grantees receiving grants awarded by renewal provide *significantly more positive* ratings for all measures related to diversity, equity, inclusion compared to grantees who received grants through full applications or amendments.
- ▶ **Fiscal Sponsor:** Grantees with a fiscal sponsor provide *significantly more positive* ratings for a number of measures in the report compared to grantees without a fiscal sponsor. These include the extent to which Democracy Fund advances knowledge in grantees’ fields and affects public policy, Democracy Fund’s understanding of their goals and strategies, the consistency of Democracy Fund’s communications, and grantees’ understanding of how their work fits into Democracy Fund’s broader efforts.
- ▶ **Tie-off Grantee:** Tie-off grantees provide *significantly less positive* ratings compared to non-tie-off grantees for many measures in the report including those related to Democracy Fund’s impact on and understanding of grantees’ fields, communities, and organizations, as well as nearly all aspects related to relationship building.

Meaningful Impact and Influence on Grantees’ Fields

Grantees’ ratings for Democracy Fund’s impact on grantees’ fields are significantly higher than in 2017 – a leap from the 7th to the 56th percentile – and are now in line with the typical funder. Democracy Fund is rated higher than most other funders for its understanding of grantees’ fields, the extent to which it

has advanced the state of knowledge in grantees' fields, and the extent to which DF has affected public policy.

- ▶ In open-ended comments, grantees are highly complimentary, speaking to the impact that Democracy Fund has had on their fields as “significant,” “critical,” and “multifaceted.” As one grantee comments: “Democracy Fund’s ground-breaking, innovative approach to field building is raising the entire ecosystem.”

Strong and Improved Impact on Grantees’ Organizations

When asked about DF’s impact on their organizations, grantees rate Democracy Fund typically strong. Ratings are also within the top third of funders in CEP’s dataset for whether Democracy Fund understands grantees’ strategies and goals.

GRANTMAKING CHARACTERISTICS

CEP’s research has shown that certain grant characteristics – specifically size, length, and whether the grant was restricted – are often strong predictors of grantees’ perceptions of a funder’s impact.

- ▶ Democracy Fund’s grants and resulting grantee perceptions of impact generally fit this pattern. Specifically, DF’s grants – \$250K at the median – are larger than those of most other funders in CEP’s overall dataset. In addition, 38 percent of Democracy Fund’s grantees report receiving multi-year, unrestricted funding, a proportion that places Democracy Fund in the top ten percent of CEP’s overall dataset for this giving approach. Grantees who do receive this type of support rate DF’s impact on their organizations significantly higher compared to their counterparts.
- ▶ The third-largest theme in grantees’ suggestions relates to Democracy Fund’s grantmaking characteristics, with many of these grantees requesting larger grants and, especially, multi-year funding. As grantees comment, these types of funding “would change the game for organizations doing the work” and might be worthwhile even if that means DF “align[s] with a smaller number of organizations.”
- ▶ While the typical size of a Democracy Fund grant has remained the same since 2017, the size of its *grantees* has increased over time – grantees report a median organizational budget of \$2.4 million in 2023 compared to \$1.7 million in 2017. As such, the size of a Democracy Fund grant relative to the size of a grantee’s budget has decreased from 14 percent in 2017 to six percent in 2023.



“When I look at the emergent players, practices and organizations that are showing success in this current context of journalism, many of them have their funding and initial support from Democracy Fund. DF has been tremendously forward-thinking and pro-active, seeing and seeking out experiments that fill a gap that others haven’t recognized yet. They are not afraid to be an early funder of a promising model or concept.”



“DF is one of the main funders in my field, and funds many of my partner organizations too. DF seems to understand the importance of funding movement and community work, not just policy work. That is important to us. DF funds all sorts of organizations working in the democracy space, thus creating an opportunity for grantees working on different aspects to think about collective impact.”

Impactful Beyond-the-Grant Assistance

In addition to grantmaking, the provision of beyond-the-grant assistance is perceived by Democracy Fund grantees to create additional opportunities for impact. Sixty-three percent of grantees report receiving some form of non-monetary support from Democracy Fund, a slightly larger than typical proportion compared to other funders. Specifically, field-building assistance, organizational capacity assistance, and especially fundraising and development assistance are utilized by Democracy Fund’s grantees at rates that are meaningfully higher than grantees at most other funders.

- ▶ What’s more, according to its grantees, Democracy Fund’s beyond-the-grant assistance makes a difference. The majority of grantees agree or strongly agree that DF’s non-monetary supports met an important need for their organization and/or program, strengthened their organization and/or program, and was a worthwhile use of time. Grantees also strongly agree that Democracy Fund would be open to feedback about the assistance it provided.
 - Additionally, there seems to be a relationship between non-monetary support and the overall grantee experience: those Democracy Fund grantees who report receiving some form of beyond-the-grant assistance provide significantly more positive ratings across a number of measures in the report, including their perceptions of DF’s impact on their fields and organizations, aspects of the funder-grantee relationship, as well as communication-focused measures.
- ▶ Some grantees suggest via their open-ended comments that DF could do even more to deepen its assistance beyond the grant. (Non-monetary offerings was the second-most-frequently-cited suggestion topic provided by grantees.) These organizations specifically request additional opportunities to collaborate and convene with other grantees or other funding networks, as well as increased technical and organizational capacity-building support.
 - Grantee responses to two customized questions regarding beyond-the-grant assistance seem to corroborate this feedback. When asked about how Democracy Fund might advance its mission for an inclusive, multi-racial democracy, the most important components – according to grantees – are for DF to help new donors enter the space and to connect grantees to new funders.
 - Additionally, the type of support that grantee organizations indicate that they would mostly strongly consider using if Democracy Fund were to offer it relates to fundraising, with over half of respondents selecting this option.



“[DF] has been one of the most important initiators, catalysts, and supporters of institutional capacity building that I have ever seen. The creation of a cohort to work adjacent to the institution of Congress...has been a masterpiece of movement organizing, relationship building and institutional transformation. It should be a model for all philanthropy.”



“Democracy Fund has been a thought partner in our organizational design, program structure, funding, communications, and strategy. We work closely with [their] team and trust their feedback...We would like to see [DF] lean more into capacity building and infrastructure building organizations to support local grassroots networks [and] movement ecosystems.”

Strengthened Relationships with Grantees and Strong DEI Perceptions

Grantees offer positive feedback regarding their relationships with Democracy Fund, providing ratings in line with or above the typical funder on nearly all measures. In their comments, grantees describe their Democracy Fund contacts as “responsive,” “transparent,” and “a model for the kind of engagement and relationship that should exist between a funder and a grantee.”

- ▶ Democracy Fund receives significantly improved ratings for grantees’ comfort approaching DF if a problem arises and for its overall responsiveness.
- ▶ Additionally, Democracy Fund receives ratings in the top 15 percent of CEP’s overall dataset, and at the top of both its customized cohorts, for the extent to which it exhibits respectful interactions.
- ▶ However, one area where Democracy Fund has seen a downward trend since 2017 – and one relationship-focused measure where it is rated comparatively lower than typical – is for the extent to which Democracy Fund is open to ideas from grantees about DF’s strategy, which may be related to strategic shifts Democracy Fund has made in recent years.
- ▶ As context, the makeup of Democracy Fund’s portfolio has become more “stable” over time, with 24 percent of its grantees identifying as first-time grantees (compared to 35 percent in 2017 and 79 percent in 2014).
- ▶ Compared to grantees at the typical funder, DF’s grantees more strongly agree that most Democracy Fund staff embody a strong commitment to diversity, equity, and inclusion (DEI). For all other related measures – whether Democracy Fund has communicated what DEI means for its work, whether DF demonstrates an explicit commitment to DEI, and grantees’ belief that DF is committed to combatting racism – Democracy Fund receives ratings from its grantees that are in line with most other funders in CEP’s dataset.

PATTERNS OF INTERACTION

Of note, the frequency in which Democracy Fund has interacted with its grantees has changed considerably over time: in 2014, 88 percent of grantees report interacting with Democracy Fund monthly or more often, a figure that decreased to 58 percent in 2017. In 2023, this proportion has further decreased to 24 percent.

- ▶ Those grantees who report interacting monthly or more often provide significantly higher ratings on several key measures, including for aspects related to relationship building and communication.
- ▶ Additionally, grantees who indicate DF more frequently *initiating* contact with them report significantly higher ratings for many measures in the report, including perceptions of DF’s impact on and understanding of grantees’ fields and local communities, as well as communications-focused measures.



“I’ve understood what is expected of me and have felt comfortable enough asking questions when I felt uncertain. I’ve also noticed the staff stay connected to our work, referencing things we sent email updates about or bringing up things they saw us doing. I’ve found my conversations with my program officers [to] be generative, where they are genuinely interested in being thought partners to help me work through a challenge.”



“While sometimes hard to get a response from (probably due to being very busy), once we do connect to our program officer, we find him extremely appreciative of what we do, respectful of our time, and eager to make the process manageable on our end.”

Opportunity to Sharpen Grantee Communications

On most measures related to communications, Democracy Fund receives ratings that are either lower than or similar to the typical funder. It should be noted that some of these lower ratings are driven by sub-group differences, specifically with tie-off grantees rating lower than their counterparts.

- ▶ Grantees ratings place DF in the bottom third of funders for both how clearly Democracy Fund communicates its goals and strategies and how well grantees understand the ways in which their work fits into Democracy Fund’s broader efforts. DF also receives one of its lowest comparative ratings from grantees for the consistency of its communications.
- ▶ At the same time, grantees provide significantly improved ratings compared to 2017 for Democracy Fund’s overall transparency, bringing DF in line with the typical funder.
- ▶ As in the past, the largest theme in grantees’ suggestions for improvement is around Democracy Fund’s approaches to communications, with particular attention on clarifying Democracy Fund’s priorities, strategies, and goals. As one grantee requests, “Find ways to communicate [DF’s] strategic and tactical priorities to grantees so that grantees can provide feedback and explore initiatives that further those priorities.”
- ▶ Notably, 18 percent of grantees indicate having had a change in contact at DF in the last six months. These grantees rate significantly lower compared to other grantees on communications-focused measures.



“[In general], Democracy Fund has kept their own strategic planning process pretty closely held. I wanted to clarify that we don’t experience the lack of transparency into the decision-making process as a problem... [We’re] inclined to see that lack of process-transparency as a way of creating space internally to shape intentional strategy. Many funders are less than transparent about strategy without an apparent great reason. Although some more transparency might be reassuring to grantees and/or useful to the field, overall, we feel like [DF] has earned the trust to take that time and space...”



“[Talk] to us more about how [Democracy Fund] see our work fitting in with their broader strategy.”

More Helpful and Less Pressure-filled Grantmaking Processes

Democracy Fund grantees perceive its grantmaking processes as significantly more helpful and significantly less pressure-filled than in the past.

- ▶ Grantee ratings for the helpfulness of Democracy Fund’s selection process are similar to the typical funder – and represent a significant improvement in perceptions since 2017. Additionally, grantees

find Democracy Fund’s selection process to be an appropriate level of effort given the amount of funding received, providing ratings that are comparable to most other funders.

- ▶ Grantees in 2023 feel significantly less pressure than they did in 2017 to modify their organizations’ priorities in order to create a grant proposal that was likely to receive funding. For this measure, Democracy Fund ratings shifted from the top two percent of CEP’s dataset in 2017 (indicating feeling more pressure) to the bottom 15 percent in 2023 (indicating feeling less pressure).
- ▶ Grantees also report positive experiences with Democracy Fund’s reporting process, providing ratings in line with or above the typical funder on all related measures, including the straightforwardness, adaptability, and relevance of the reporting process.
- ▶ Additionally, grantee feedback reflects Democracy Fund’s continued efforts to streamline aspects of its processes. At the median, grantees report spending 18 hours fulfilling Democracy Fund’s requirements over their grant lifetime – a decrease of 25 hours since 2017 (and a historical low from a maximum of 65 hours in 2014).
 - Relatedly, the “dollar return” for grantees – or the amount of grant dollars received per process hour required – is \$13.3K, an over two-fold increase from 2017 and a figure that places Democracy Fund at the 95th percentile in CEP’s dataset.



“Communication and expectations are clear [and] grant reporting and application requirements are aligned with the goals of our work and the capacity of our organization. The verbal grant reporting process is always a pleasure and I feel like I learn about our work by talking about it with Democracy Fund staff.”



“Democracy Fund makes the proposal and reporting processes easy and straightforward. They do not overburden organizations with reporting requirements, for which we are forever grateful. [We] appreciate Democracy Fund’s flexible processes, especially providing a choice about how we want to report, in writing or verbally.”

Next Steps

We look forward to discussing Democracy Fund’s 2023 results, including celebrating areas of real strength, as well as supporting your continued efforts for improvement.

Contact CEP

Joseph Lee, Manager
Assessment and Advisory Services
josephl@cep.org

Max Miller, Analyst
Assessment and Advisory Services
maxm@cep.org