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2024 Foundation Operations and Management Report Shows Increased Support After Record Inflation, but Decline in Relevancy of Racial Equity

Washington, DC — February 14, 2024 — Exponent Philanthropy today announced the release of the 2024 Foundation Operations and Management Report, an annual analysis and comprehensive overview of the practices and trends shaping the sector. From strategies to address inflationary pressures to efforts to promote equity and inclusion, the report offers valuable benchmarking data and actionable insights for funders, lean foundations, and stakeholders seeking to drive positive social impact.

After record inflation in 2022, this year's report highlights that over half (54%) of funders gave raises to staff, more than one quarter (29%) of funders implemented changes to help grantees cope with inflation, and one in ten (12%) funders changed their investment strategy in response to inflation. However, the report identifies a concerning trend in the declining prioritization of racial equity among foundations, with only 31% viewing it as very relevant to their mission in 2022, down from 37% in 2020.

"The philanthropic sector is more vital when we have many different voices at the table, with everyone feeling welcome and included," said Paul D. Daugherty, CEO at Exponent Philanthropy. "We hope funders of all shapes and sizes will do more work to advance equity and inclusion in their work this year."

Other key highlights from the report include:

- **Catalytic Leadership in Philanthropy:** Findings reveal the importance of site visits in building stronger relationships with grantees and highlight the correlation between racial equity and impact assessment practices. The report also emphasizes the underutilization of advocacy as a philanthropic tactic.
- **Staff, Compensation, and Benefits:** Despite efforts to promote diversity, the report indicates that racial diversity among foundation staff remains limited, particularly in leadership roles. Additionally, it sheds light on the impact of flexible work arrangements on staff salaries and the prevalence of hybrid work models within the sector.
- **Boards and Governance:** While lean funders have made progress in diversifying foundation boards, the majority still lack racial diversity. The report underscores the significant time commitment required of board members and regional variations in board-related activities.
- **Grantmaking:** Trends indicate an increase in the number of grants awarded despite a decrease in average grant amounts over the past five years, with foundations now

allocating a higher percentage of their grantmaking budget to general operating support grants, rising from 44% in 2018 to 52% in 2022. Funders are also approving grants faster, and while most funders (81%) accept grant applications online, only half utilize dedicated grants management software.

- **Investments:** The majority (83%) of funders outsourced their investment management, with the investment manager model being most common. Additionally, nearly a third (28%) of foundations are either engaged in or planning to begin mission investing soon, with racial equity being a key determinant.

Respondents included family, independent, community, operating, and other foundations. For more information and to access the report, visit the [Exponent Philanthropy website](#).

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About Exponent Philanthropy:

Exponent Philanthropy is the country's largest association of funders—nearly 1,600 strong—and the only one dedicated to private and community foundations with few or no staff, philanthropic families, and individual donors. Our vibrant network has in common lean operations and a style of philanthropy motivated by personal passion, community needs, and a strong desire for better outcomes. Members connect with experts and peers in the field through high-quality programs, resources, and discussions designed specifically for foundations with few or no staff, philanthropic families, and individual donors.

About the Report

The 2024 Foundation Operations and Management Report provides a snapshot of participating organizations' practices. It is based on the responses to Exponent Philanthropy's 2023 Foundation Operations and Management Survey and relates to information about responding foundations' most recent completed fiscal year. Of 1,565 foundations, 373 Exponent Philanthropy members completed the 2023 Foundation Operations and Management Survey (FOMS) for a 24% response rate.