



THE GIVING STATE

2017

A Report on Utah's
Philanthropic Landscape

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Executive Summary

UTAH—THE GIVING STATE

First and foremost, Utah is the most giving state in the country. More Utahns donate money and time than do residents of other states, and they do so at higher rates than their out-of-state peers. Utahns are motivated primarily by desires to make a difference and give back to their communities and to those who are less fortunate. These characteristics generate tremendous benefits for those who live here, and they provide extraordinary opportunities for creating positive change throughout the state.

The Utah giving landscape is characterized by a small number of family foundations, three young community foundations, and a sizable number of financial institutions giving to meet regulatory requirements. Contributions to religious

organizations are significant, particularly to the predominant Church of Jesus Christ of Latter-day Saints. A strong economy and an emergent technology sector are driving new corporate and individual wealth. The giving landscape is increasingly dynamic and malleable.

The nonprofit sector is also dynamic, with a nearly 22 percent increase in registered nonprofits in the last five years. This growth is driven by Utahns' desire to help others, coupled with a strong entrepreneurial, individualistic spirit. Nonprofit organizations and funders are concentrated along the Wasatch Front (Utah, Salt Lake, Summit, Davis, and Weber Counties), with funders particularly concentrated in Salt Lake County.



KEY FINDINGS

The Giving Mindset

Utah's social sector is comprised of nonprofits and their funders, all of whom desire to do good. However, as a sector, we currently define success by our activities—what we donate, how we serve, and the ways in which we provide. As a result, the majority of funders and nonprofits use thinking or behavior that undermines their ability to be high-performing, results-oriented givers and service providers. We have an enormous opportunity to shift our mindset to define success in terms of impact, or the change we can effect in our communities.

TAKEAWAY:

Don't assume that doing good inevitably makes things better. Instead, focus on and invest in the people you are serving and the outcomes, or results, you want to see. Only declare success when you see those outcomes. Embrace the reality that, in the social sector, excellence is self-imposed.

A Fragmented Landscape

Utah's social sector is fragmented, driven by a pervasive do-it-yourself (DIY) approach and a dearth of information about what others are doing. The dynamic manifests in the rate of growth in number of nonprofit organizations in the state, and in how nonprofits and funders alike typically operate in an isolated, siloed fashion. While innovation and individual efforts are valuable in achieving impact, our go-it-alone, DIY mentality is not conducive to maximizing the impact we can have.

Funders: Communicate with peers about funded work and observed results. Consider co-investing with peers. Invite group or partner funding applications. Encourage nonprofit collaboration by funding costs associated with collaboration.

Nonprofits: Work with peers to more effectively meet common aims. Encourage funders to fund nonprofit partnerships. Ask private sector leaders for their insights.

TAKEAWAY:

Survey the landscape and learn from others; don't reinvent the wheel. Work together more often, more deliberately, and more effectively to achieve results.

Approaches to Funding

At a high level, funder and nonprofit survey responses indicate a mismatch between Utah's projected nonprofit budget needs and funder budget availability over the next three years. Questions around availability of federal funding further fuel uncertainty for nonprofits as they look ahead. In addition, many funders place a heavy and unhealthy emphasis on restricted giving, which limits nonprofits' ability to invest in their organizations to deliver results. Finally, there is a strong tradition of relationship-driven decision-making among funders. We have an opportunity to rethink the funding paradigm in ways that will provide stability for our nonprofits in coming years.

Funders: Set clear strategy, with a crisp articulation of guardrails—what you will and will not fund. Establish (and communicate) processes and criteria that indicate how requests will be considered and how each grant will be reviewed. None of this needs to be onerous for the funder or the nonprofit. Simple steps—such as establishing regular review meetings or standardizing grant request forms help to avoid in-the-moment responses—combine your heart's instincts with your head's review of the data, and increase the likelihood of achieving your ultimate goals. When providing unrestricted funding, ensure that you are working with partners who deliver validated outcomes and have accountability measures in place.

Nonprofits: While recognizing that relationships will continue to matter greatly, set yourself apart with a clear funding strategy that aligns with your strategy for impact and by prioritizing sources of funding that will fuel that growth. Additionally, make it easy for results-oriented funders to partner with you by proactively providing evidence to show you are truly making a difference. Then invite funders to deepen, strengthen, and scale that impact with you.



TAKEAWAY:

Be clear about the resources required to achieve great results and be willing to pay, and ask, for what it takes to achieve those results. Ensure your funding approach is strategic, forward-thinking, and evidence-driven.

Effective Communication

Nonprofits are not shy—nor should they be—about clamoring for what they need, which typically involves more resources to pursue their mission. However, funders repeatedly report that they struggle to understand the basics of who the nonprofit serves, how the money or other resources will create an impact, and why a proposed approach is an appropriate solution to a community challenge. At the same time, nonprofit leaders note how difficult it often is to understand funders’ priorities and how to effectively engage with funders.

Funders: Strive for transparency and timeliness when communicating with grantees. Transparency includes clear objectives, guidelines, and deadlines that are easily accessible and consistent, as well as a crisp articulation of strategic aims and desired outcomes.

Nonprofits: Clearly outline how requested funding will be used, how it complements the funder’s portfolio, and how the funding benefits the community. Research and respect funders’ parameters and processes.



TAKEAWAY:

First clarify your mission, strategic priorities, and the value of your work. Then describe your work in concise, compelling ways to the appropriate audiences—funders, nonprofits, beneficiaries, and the general public.

Understanding the Evidence

Measurement to define progress toward goals is a stated priority for nonprofits and funders. However, the gap between stated priorities and actual practice represents a valuable opportunity for funders and the organizations they support to more effectively track and use data. Barriers to

effective use of data include limited staff time and expertise, inadequate tools, and lack of support from leadership.

Funders: Judge yourselves on your impact, not on your funding or other activities. Embed data-driven decision-making into your own practices. Start by seeking to continuously learn about the issues you are interested in and about proven solutions to those issues. Incorporate outcomes and impact (not just outputs) into your grantmaking or investment decisions. Just as importantly, prioritize funding grantees’ (and the sector’s) measurement capabilities, including expertise, tools and systems, and research. Work with other funders to coordinate investments in and expectations regarding data and evidence.

Nonprofits: Don’t wait for others to make measurement a priority or a possibility for you. Decide to devote resources and expertise to identifying and tracking impact. Request support from funders for measurement and evaluation. Commit to continuously operating in a data-driven way when it comes to decisions about which populations to serve, what solutions to provide, and where and how to scale.



TAKEAWAY:

Passion and effort are not enough. Capture and draw on actionable data to set and adjust strategy, evaluate progress, and drive true impact. Devote sufficient resources to appropriate measurement and evaluation.

Nailing the Fundamentals

As in the private and public sectors, capable leadership and management, effective use of data, standard operating procedures, and specialized skills and experience are essential for success in the social sector. In Utah, as elsewhere, money and time devoted to implementing systems, gathering data, building capacity, or hiring expertise is too often frowned upon. With nonprofits often operating on a shoestring budget and relying heavily on passionate but inexperienced volunteers, investments in fundamental capabilities and systems are typically not priorities. We have an opportunity to solidify the foundation of Utah’s social sector to enable the results we collectively seek.

Funders: Apply to philanthropy the strategy, leadership, and investment acumen you have gained elsewhere. Encourage your peers and enable your grantees to do the same. Seek opportunities to collaborate with other funders to elevate your own and the entire sector's ability to deliver efficient results.

Nonprofits: Seek out and apply best practices in leadership, management, and client service from other disciplines (with appropriate translation for the social sector). Ask private sector leaders for advice where applicable. Prioritize investments in staff, measurement capabilities, and board effectiveness to unleash impact.

 **TAKEAWAY:**

Avoid building a house of cards. Be deliberate about—and willing to invest in—establishing the expertise, systems, tools, and processes required for lasting, scalable results.

Conclusion

We have an immense opportunity to enhance our communities' ability to thrive by working together in a more deliberate, effective, results-oriented manner. A growing volume of philanthropic dollars offers the opportunity to invest with greater impact in individuals, arts and culture, and our communities. We have access to greater swaths of information than ever before, enabling us to understand increasingly complex problems, identify solutions, determine what works and what doesn't, and adapt accordingly.

Doing so requires an evolution in the way we have traditionally operated. While the opportunities we face do not pair with easy solutions, as a state we enjoy an enviable confluence of assets waiting to be harnessed: a burning desire to give, a strong spirit of innovation, and a growing reservoir of wealth and know-how. Let's join forces to create a better future for our communities. Together, we can drive impact.



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