

The Economic Crisis: It's Going to Demand More than Grantmaking

By Emmett D. Carson, Ph.D.

It is in times of crisis that we demonstrate what matters to us.

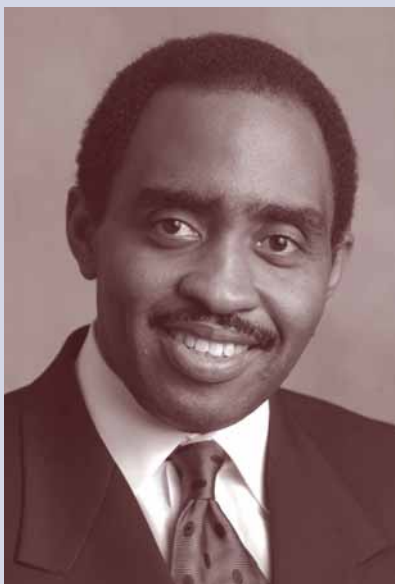
Today, our country and our communities are facing one of the most significant economic crises since the Great Depression, one that is having a profound effect on nonprofit groups that provide a safety net for those with the least wealth and opportunity.

Hundreds of families have lost their homes in the foreclosure crisis. Unemployment in California is rising to levels not seen in more than a decade. And nonprofit providers are seeing a dramatic jump in the demand for food, shelter and other services.

As a community foundation, we have some advantages in responding quickly to this crisis.

We have access to real-time information from grantees, donors, trustees and the public about changing circumstances in our region. We can engage donors and others to support unexpected emergencies, such as the difficulties that nonprofits are facing in this environment. Finally, we can use convening and our public voice to bring attention to issues and help identify solutions.

Silicon Valley Community Foundation used all of these tools to develop and implement our new grantmaking strategies, which positioned us to begin to address some of the underlying causes contributing to the economic crisis.



Emmett D. Carson, Ph.D.

Those strategies, which were announced in September 2008, grew out of a thorough review of local data and the many existing assessments of the region's needs. A key component of our process was a series of community conversations in which hundreds of nonprofit and government officials, academics, grantees, donors and funders offered ideas and suggestions.

Based on the feedback we received, our board of directors selected five strategies: economic security, immigration integration, closing the middle school achievement gap in math, regional planning and a community opportunity fund, which currently is focused on helping

food and shelter providers who are struggling to meet the growing demand for their services.

These strategies, particularly immigrant integration, economic security and the new community opportunity fund, positioned us to begin working immediately on the challenges caused by the current economic downturn.

Our immigration integration strategy focuses on strengthening the legal services infrastructure for immigrants, supporting effective adult English language acquisition and bridging the cultural gap between immigrants and their receiving communities. *(continued on page 14)*

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Nonprofits Extend a Hand to Foundations

By Tim Delaney

Given reports that foundation assets have plummeted by 30 percent in just a few months, nonprofits recognize that our valued foundation allies are encountering difficult challenges. To extend foundations a friendly hand so they don't feel alone, this article identifies escalating challenges that nonprofits face, shares action steps that nonprofits are taking to cope with this wicked economy and offers ways foundations can partner with nonprofits during this ever-growing economic crisis.



Tim Delaney

CHALLENGES THAT THREATEN NONPROFITS

Nonprofits face three sets of grave—and escalating—challenges.

First, the economy rapidly is erasing resources for nonprofits. With foundation assets evaporating, governments slashing nonprofit grants and contracts, corporate profits tumbling, and individuals suffering financially, the amount of money going to nonprofits has nosedived.

At the same time, demands for nonprofit services are skyrocketing. With more people losing their jobs due to layoffs, losing their homes due to foreclosures, and losing all or a portion of their health insurance due to employers cutting jobs and benefits, more people are turning to nonprofits for help to meet their basic needs of food, shelter and health care.¹

As if those factors were not bad enough, there is an oft-ignored yet significant third negative factor: increased com-

petition from the public sector for donations. In October, for instance, the University of Texas at Austin launched a \$3 billion capital campaign. The previous month, the University of California at Berkeley opened a \$3 billion capital campaign. When huge institutions start such mammoth campaigns, they hire more than a hundred additional development officers who grab every coin they can find. Yet, America's small and midsize nonprofits—those with incomes less than \$1 million (which, by the way, make up 93 percent of the entire sector²)—cannot afford to hire even one full-time development officer each, let alone more than a hundred. Simply put, community-based nonprofits are at an extreme

disadvantage because we cannot compete with the fundraising machines of larger institutions.

Any one of these challenges can capsize individual nonprofits; the convergence of all three—suddenly increased demands, abruptly reduced resources and sharply increased competition—threatens the survival of many nonprofits.

WHAT NONPROFITS ARE DOING TO COPE

These challenges are daunting; yet, small and midsize nonprofits once again have, with grit and determination, lowered their shoulders to push even harder to meet the profound needs in their local communities.

To give them general support and specific tools, the National Council of Nonprofits created a special

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“Nonprofit Economic Vitality Center” on our web site, www.councilofnonprofits.org/economy. The four sections of the constantly expanding Economic Vitality Center focus on the following topics:

- > Basic information about the economy and nonprofits so policymakers, journalists and the general public have a better understanding about what is happening;
- > How the miserable economy is hurting different nonprofit subsectors (e.g., arts & humanities and human services) and harming nonprofits in different regions of the country;
- > Successful strategies, proven programs and other tools for nonprofits to consider; and,
- > Innovative funders that courageously are stepping forward to help in this time of dire need.

Despite the purest intentions and the strongest dedication, community nonprofits cannot continue to do so much more with so much less for very much longer. Dr. Paul Light, the noted public service expert, forecasts that the menacing economy will wipe out 100,000 nonprofits within the next two years.³

When these nonprofits crumple, they will leave gaping holes in their local communities, both in terms of vital services no longer provided and lost jobs.⁴ Indeed, that already is happening across the country as nonprofits respond to loss of donations and abrupt cuts in government contracts. To cite just a few examples, the Urban League of Boston and the Center for Teen Empowerment reduced services after each lost more than \$500,000 when Massachusetts took emergency action to cut its budget; the Chicago-area Meadows Community Services shut down after 20 years of serving low income populations when it could not raise enough funds; and the American Lung Association, Focus on the Family, National Domestic Violence Hotline, and Susan B. Komen for the Cure (to name only a few) were forced to lay off employees.⁵

FOUNDATIONS CAN SUPPLY TOOLS FOR CLEARER VISION

To help ease the pain, foundations can partner with nonprofits by helping with three tools that provide clearer

vision: a crystal ball, safety goggles and a microscope.

A. Crystal Ball: Helping Nonprofits Look into the Future

Governments, corporations and foundations failed to see this sudden and sweeping economic collapse brewing, so individual nonprofits cannot be blamed for failing to anticipate what happened. And now, with nonprofits' attention devoted to meeting immediate community needs, they lack time and resources to look at the big picture to see what's going to hit them in the near future. Yet, nonprofits and the communities they serve need a crystal ball to be able to see more clearly into the future.

Foundations can help nonprofits position themselves better for what's coming by:

- > *Developing information quickly about how the economy will look in the next 1–5 years.* Corporations, governments and the media all seem so stunned by what snuck up on them that they only can stare at what just happened rather than peer ahead. If foundations could help pull together some economic forecasts, that information would enable nonprofits to break out of the mind-set of “how do we survive one more day” and prepare proactively to take appropriate action.
- > *Convening nonprofits to engage in meaningful dialogues on mutual strategies for coping.* Foundations can help convene and/or underwrite meetings that provide a safe space for people to share ideas and build collaborative networks. For example, the Oklahoma Center for Nonprofits held two special statewide gatherings that allowed nonprofits to comprehend better what has been happening economically, hear reflections of colleagues who had weathered bad times and exchange strategies for coping.⁶

 **Nonprofit Economic Vitality Center** 
A Resource Center for Nonprofits Coping with the Economy

This free website is updated daily as new information becomes available, so if you have something to contribute to help the nonprofit sector, please submit that information for posting at www.councilofnonprofits.org/economy.

B. Safety Goggles: Look at Leveraging Foundation Dollars

This is a time for action. Foundations can stretch their dollars safely by plugging in these power tools:

> *Partnering with—and funding—infrastructure groups.* Foundations obviously see the value of infrastructure groups, given the wide range of such groups for philanthropy alone. Nonprofits also need such infrastructure groups, which can spread information and resources broadly and efficiently. Plus, research shows, nonprofit infrastructure groups play an irreplaceable role in helping nonprofits in the public policy arena.⁷

> *Expediting grant payments and communicating bad news about funding ASAP.* It will help if foundations can expedite payments in these times when the “cash flow” for many nonprofits is tantamount to “cash drip.” And if foundations have bad news to deliver to a nonprofit—whether it is that the normal grant will be discontinued, or be smaller, or even if those decisions are tentative—they should say so as soon as possible so the nonprofits can adjust immediately.

By working together—as funding providers and service providers—foundations and nonprofits can perform our shared missions better and help meet our communities’ urgent needs created by this wicked economy. ■

Tim Delaney is president & CEO of the National Council of Nonprofits, the network of state and regional nonprofit associations serving more than 20,000 member organizations. By linking

local nonprofit organizations across the nation through state associations, the National Council helps small and midsize nonprofits manage and lead more effectively, collaborate and exchange solutions, engage in critical policy issues affecting the sector, and achieve greater impact in their communities.

Challenging times force us all to reexamine how we have done things. As nonprofits focus internally at downsizing options, foundations also can look internally to see how streamlining their own operations might help their nonprofit grantees.

> *Allowing grantees to engage in advocacy work.* Now more than ever, the voices of the people need to be heard through nonprofits. Foundations need to instruct their attorneys to review their grant language and work with informed nonprofits to eliminate any suggestion that funds cannot be spent on public policy activities.⁸

C. Microscope: Focus on Refining Foundation Processes

Challenging times force us all to reexamine how we have done things. As nonprofits focus internally at downsizing options, foundations also can look internally to see how streamlining their own operations might help their nonprofit grantees.

> *Shifting from project/program funding to general operating support and simplifying application and reporting requirements.* The more foundations require nonprofits to go through extensive application processes, jump through different hoops and fill out additional paperwork, the more time and resources get diverted from delivering services to the community.

NOTES

1. For example, 71 percent of Michigan nonprofits recently reported increased demands for their core services. See: <http://www.mnaonline.org/pdf/EconomicDownturn.pdf>.
2. National Center for Charitable Statistics, Table: Registered Nonprofit Organizations by Level of Total Revenue, (Washington, D.C.: The Urban Institute, 2008), http://nccsdataweb.urban.org/tablewiz/tw_bmf.php.
3. Julia Hengst, “Nonprofits Brace for Economic Slump,” Newsdesk.org (Nov. 27, 2008), <http://www.newsdesk.org/archives/005763.html>.
4. Policymakers and journalists alike seem to be unaware that America’s nonprofit sector is so massive that if it were a country, it would be the seventh largest economy in the world, according to GDP data compiled by the World Bank. SOURCE: World Bank, “World Development Indicators Database,” July 1, 2007,

<http://siteresources.worldbank.org/DATASTATISTICS/Resources/GDP.pdf>. Indeed, the nonprofit sector comprises more than 10 percent of America's workforce, which is larger than the combined workforces of the construction, utility and wholesale trade industries. SOURCE: Lester M. Salamon and S. Wojciech Sokolowski, *Employment in America's Charities: A Profile* (Baltimore: John Hopkins Center for Civil Society Studies, Dec. 2006), p. 3, <http://www.jhu.edu/ccss/research/pdf/Employment%20in%20Americas%20Charities.pdf>. Moreover, the nonprofit sector contributes almost \$322 billion in wages to the American economy. Id.

5. See, e.g., Laura Crimaldi, "Nonprofits feel pinch as aid is slashed," *Boston Herald*, Nov. 30, 2008, http://news.bostonherald.com/news/regional/view/2008_11_30_Nonprofits_feel_pinch_as_aid_is_slashed:_Cuts_hit_neediest_hardest/srv=home&position=also; Colleen Thomas, "Money crunch hurting nonprofits as need soars," *Chicago Daily Herald*, Nov. 7, 2008, <http://www.dailyherald.com/story/?id=248377>; Mark Hrywna, "Layoffs Hitting Nonprofits Despite Needs Increase," *The NonProfit Times*, Nov. 24, 2008, <http://www.nptimes.com/08Nov/news081124-1.html>.
6. National Council of Nonprofits: <http://www.councilofnonprofits.org/files/Program%20Idea%20-%20Provide%20Understanding%20Oklahoma.pdf>.
7. See, e.g., Lester Salamon and Stephanie Lessans Geller, "Nonprofit America: A Force for Democracy?" Listening Post Communiqué No. 9

(Baltimore, M.D.: Johns Hopkins University, 2008), http://www.jhu.edu/listeningpost/news/pdf/advocacy_communique9.pdf, p. 12: "What seems to be drawing [nonprofit] organizations into policy advocacy is less an abstract commitment to civic engagement than concrete concerns about the impact of public policy on the fiscal health of the organizations and their ability to serve their clientele. ... [L]imited resources and staff time seriously restrict the depth of involvement in policy work that is possible. To help compensate for these limitations, nonprofit organizations have followed the lead of the business sector in vesting important advocacy functions in specialized advocacy coalitions or field-specific intermediary associations. These coalitions and associations now perform important functions in mobilizing, informing, and channeling nonprofit advocacy and lobbying."

8. "Many foundations take at best a 'hands-off' posture, and at times an actively negative one, toward policy involvement and civic engagement. This puts an unnecessary damper on what should be a major function of the nation's nonprofit institutions – giving voice to the voiceless and raising unaddressed issues to national policy attention. ... Foundations need to re-think their hands-off position toward nonprofit advocacy and increase their financial support for this important function. ... As government policy has become increasingly central to the fiscal health of the sector and to the well-being of the people the sector is serving, foundations need to recognize the important role they must play in helping organizations participate in shaping this policy." Id.

Strengthening Democracy, Increasing Opportunities Impacts of Advocacy, Organizing and Civic Engagement



In this newly released report, NCRP documented how local and state organizations leveraged foundation resources to secure billions of dollars in benefits for New Mexicans.

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Grantmaking for Community Impact Project in New Mexico

By Lisa Raghelli

Esther Garcia, from the village of Questa and a member of the New Mexico Acequia Association, organized her community when the aging Cabresta Dam was on the brink of failure. After three years of advocacy, she and other community leaders secured \$6 million to rehabilitate the dam, ensuring that Questa would not succumb to flood waters.

This was just one of several powerful stories of community impact shared at a December forum co-hosted by the National Committee for Responsive Philanthropy (NCRP) and the New Mexico Association of Grantmakers (NMAG). More than 75 foundation and nonprofit leaders gathered in December in Santa Fe to hear the findings from NCRP's new report, *Strengthening Democracy, Increasing Opportunities: Impacts of Advocacy, Organizing, and Civic Engagement in New Mexico*, which offers compelling evidence for funders wondering how to get the biggest bang for their buck.

The current economic crisis probably is prompting many foundation leaders to reexamine their funding strategy and grants portfolio. They may be asking themselves: How can we maximize our impact during this time of great need? This timely presentation offered some answers for both local and national funders who give grants in New Mexico.

Earlier this year, NCRP launched the Grantmaking for Community Impact Project (GCIP) to increase philanthropic resources for advocacy, community organizing and civic engagement that address the long-term needs of underserved communities. *Strengthening Democracy, Increasing Opportunities* is the first of several reports that will document the impact of these strategies around the country.



New Mexico faces many challenges, including high rates of child poverty and domestic violence, and low median incomes and high school graduation rates. The state has limited philanthropic resources to tackle these problems, and three of every four philanthropic dollars granted in the state come from outside New Mexico.¹ This is all the more reason for foundations and donors to ensure that their scarce resources are being invested wisely to address critical issues.

This point was made by several of the speakers at the report release event. Lieutenant Governor Diane Denish, on

the heels of becoming governor-designate of New Mexico,² gave welcoming remarks and noted that, "New Mexico benefits from the mission of NCRP," which seeks to ensure that philanthropic resources support nonprofit effectiveness and benefit those with the least wealth and power in society. Denish emphasized the importance of collaboration between philanthropy, the public sector and nonprofits, and announced her plan to create an Office of Philanthropic Partnerships. Denish highlighted examples of advocacy that has helped improve conditions in the state.

Dolores Roybal, president of the Con Alma Health

The current economic crisis probably is prompting many foundation leaders to reexamine their funding strategy and grants portfolio. They may be asking themselves: How can we maximize our impact during this time of great need?

Foundation, then spoke about the critical role the nonprofit sector plays both nationally and in New Mexico, which has fewer than two million residents but is home to more than 6,000 organizations, many of which engage in advocacy.

Indeed, as funders learned at the forum, the impacts and return on investment for support of advocacy and

organizing have been striking. NCRP researchers documented the work of 14 community organizations in New Mexico over a five-year period, from 2003 to 2007, and found that *for every dollar invested in these groups for their advocacy and organizing efforts, the return on investment was \$157 in measurable impacts*. Overall, NCRP quantified at least \$2.6 billion in community benefits. The benefits not only were tangible, but felt broadly. Many of the monetary gains, such as increased Medicaid funding, higher minimum wage levels, new Individual Development Accounts (IDAs) and expanded tax credits, had economic ripple effects that benefited the whole state. Other impacts were quantified less easily but just as impactful, including many environmental justice victories and civil and human rights gains.

Some of the advocacy and organizing benefits highlighted in the report include:

- > An \$800 million increase in state and federal Medicaid spending over five years, providing health care for 25,000 children and adults.
- > More than \$500 million in wages for at least 230,000 workers benefiting from state and local minimum wage increases.
- > \$131 million in savings on points and fees for 43,000 borrowers who were protected by the state's strong

anti-predatory lending law.

- > Acceptable levels of uranium in groundwater reduced from 5,000 to 30 milligrams per liter. Groundwater is the source of drinking water for 9 in 10 New Mexicans.
- > Improved health care access for native Americans and access to social services for people with limited English.
- > \$144 million school bonds for Albuquerque schools, attended by 90,000 students, and \$84.5 million in increased salaries for 18,400 teachers across New Mexico.

Audience members heard powerful stories of impact, which the groups often achieved in collaboration with each other, allied nonprofits and public officials. Equally important were the civic engagement findings. Most of the featured organizations have engaged affected constituencies actively in identifying problems, choosing solutions and working to get the solutions implemented.

The civic engagement highlights include:

- > 300,000 community members were informed and educated.
- > 57,341 residents attended public actions.
- > 16,935 individuals joined organizations as members.
- > 8,295 constituents attended leadership training.
- > 1,903 volunteers registered and mobilized voters.
- > 707 members became core leaders of their organizations.

By engaging disenfranchised residents in the democratic process, the 14 organizations are strengthening the social fabric of their communities and building valuable skills that leaders take with them into other spheres of public life, causing a social "ripple effect."

A moving example of the power of democratic participation is the work of Somos Un Pueblo Unido's youth leaders, who organized to pass a state law that allows students to gain access to in-state tuition and scholarships for college, regardless of their immigration status. Many of these youths were brought to this country by their parents when they were infants or small children. Once in high school, they discovered barriers to higher education because they were undocumented. Through the democratic process, they helped change state law. This effort culminated in an Immigrant Student Lobby Day at the state

THE 14 ORGANIZATIONS FEATURED IN THE REPORT ARE:

Albuquerque Interfaith
 Community Action New Mexico
 Colonias Development Council
 Enlace Comunitario and El Centro de Igualdad y Derechos
 New Mexico Acequia Association
 New Mexico ACORN
 New Mexico Coalition to End Homelessness
 New Mexico Environmental Law Center
 New Mexico Voices for Children
 Sacred Alliance for Grassroots Equality (SAGE) Council
 Santa Fe Living Wage Network
 Somos Un Pueblo Unido
 Southwest Organizing Project (SWOP)
 Tewa Women United

Capitol, attended by more than 200 immigrant youth.

General operating support, multiyear funding and capacity-building are critical types of foundation support for advocacy and organizing efforts because it usually takes a long time to achieve campaign goals, and policy environments always are shifting. “We found that foundation support is absolutely crucial for sustaining advocacy and organizing efforts,” said Aaron Dorfman, executive director of NCRP, during the event. “General operating support gives organizations the flexibility they need to respond to new policy opportunities.”

The highlight of the event was the small group discussions in which funders and nonprofit leaders shared their vision for a better New Mexico and ideas on how advocacy, organizing and civic engagement can help achieve such a vision. One local funder admitted that there were organizations profiled in the report he didn’t even know existed, demonstrating the value of highlighting the groups’ work and bringing funders and community leaders together to meet and learn from each other.

Reactions from community foundation leaders were encouraging. Randall Royster, president of the Albuquerque Community Foundation, gave a rousing call to action in which he shared his own story of how his foundation recently decided to embrace advocacy through its support for a campaign to end hunger in New Mexico.

Others expressed interest in having presentations in support of nonprofit advocacy made to their boards of directors. Given that out-of-state funding is significant in New Mexico, one participant encouraged national and local funders to share best practices for partnering with one another to leverage outside resources for the benefit of local organizations and communities. A local funder urged adopting a “strengths-based” approach to address the state’s many challenges. She noted that the nonprofit sector in New Mexico is resilient; it has accomplished much with limited resources (as the report demonstrates)

and can continue to have impact even through the current economic crisis by continuing to engage in advocacy, organizing and civic engagement.

The story of the Santa Fe Living Wage Network provides an example of a successful advocacy effort despite limited resources—but with a whole lot of people power. Between 2003 and 2007, the Santa Fe Living Wage Network mobilized low-wage workers, businesses, allied nonprofits and city council members to set a new minimum wage, which is now more than \$10 per hour in Santa Fe, the country’s highest rate. Some low-wage workers from the area shared with the *New York Times Magazine* (January 15, 2006) what they were planning to do with their extra earnings.

“We found that foundation support is absolutely crucial for sustaining advocacy and organizing efforts. ... General operating support gives organizations the flexibility they need to respond to new policy opportunities.”

— Aaron Dorfman, NCRP

They mentioned things that most people take for granted, like being able to take a vacation, spend more time with their kids, go to the doctor or get a prescription filled.

The added wages enabled people to live their lives with greater dignity—an excellent example and reminder of who, and what, we’re fighting for. ■

Much of the success of our first GCIP project is due to the invaluable support from NMAG president Terry Odendahl and assistant director Susan Cantor.

*Lisa Rangelhelli is senior research associate at NCRP and author of *Strengthening Democracy, Increasing Opportunities: Impacts of Advocacy, Organizing and Civic Engagement in New Mexico*.*

NOTES

1. Susan Cantor and Teresa Odendahl, *Philanthropy in New Mexico*, 2008, New Mexico Association of Grantmakers.
2. President-Elect Obama had just announced his plan to appoint New Mexico Governor Bill Richardson as Secretary of Commerce.

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Project Streamline's Charge: Changing the Grantmaking Status Quo

By Michelle Greanias and Taylor Kate Brown

"We assume that they feed everything to a giant fiery furnace," says one nonprofit executive about reports delivered to a funder as part of their grant agreement. This is one of the many frustrations voiced by grantseekers about grant applications and reporting requirements. Significant resources are being spent by nonprofits on non-mission-related tasks like editing grant proposal text to meet word limit requirements, reorganizing budgets to a funder's specifications and writing reports that seem to do nothing but allow a "checkoff" that it was done. Project Streamline was created to identify the flaws in the current grant application, monitoring and reporting requirements of private-sector funders, raise awareness of the impact of these practices on grantseekers, and lead a field-wide change to reduce the resources devoted to non-value added activities by both grantmakers and grant seekers. It is a collaborative effort of eight grantmaking and grantseeking membership organizations led by the Grants Managers Network.

"We want to recommend a set of common principles or standards for the industry," project chair Richard Toth said in a recent newsletter. "We probably spent the first year telling people Project Streamline wasn't about a common grant application. That's not what the project is about, and with more than 70,000 foundations, it isn't very realistic."

The project divided its goals into three phases. In the first phase, Project Streamline conducted surveys and discussion groups with grantmakers and grantseekers, urging them to discuss in detail what was limiting, frustrating and ultimately destructive. The outcome of this information gathering was a full length report, *Drowning in Paperwork, Distracted from Purpose*.

The report found that there were ten major problem areas—including reports that seemed to serve no purpose, a lack of proportionate application requirements and ineffective communication with potential grantees. From these findings, the following four recommended core principles were developed.

- > **Begin from zero:** Begin with a rigorous assessment of what kind of information you really need to make decisions.
- > **Right-size grant expectations:** Ensure that the effort that grantseekers expend to get a grant is proportionate.
- > **Relieve the grantee burden:** Minimize the amount of time, effort and money that grantseekers spend getting and administering grants, creating more time for mission.
- > **Make communication and grantmaking processes clear and straightforward:** Seek feedback from grantees and applicants, conduct a review of your process, and make sure you communicate clearly and regularly.

Project Streamline used the research report and four core principles as a jumping-off point for the second phase of the project—seeking broad national consensus on the development of application, monitoring and reporting principles, and promising practices. To date, Project Streamline has tested these recommended principles with more than 1,000 grantmakers and grantseekers through meetings, conferences and webinars.

Overall, grantmakers and grantseekers supported the recommended core principles. However, when asked whether their organizations could adopt them, the conversations trail off, with most participants pointing to board and senior management unwillingness to change as the primary barrier. This will inform the strategies that

Project Streamline undertakes as it enters into the final project phase—getting the field to adopt the principles.

Project Streamline received excellent feedback that will lead to the development of the final principles.

For example, many found the principle "start from zero" too time-consuming and "unrealistic" in real-life grantmaker settings, given the limited staff resources. It also assumes that the grantmaker had no good practices that should be kept.

Another interesting series of com-



ments centered around grantmaker experiences that application and reporting requirements actually helped grantseekers to design and deliver better programs. “Sometimes our ‘hoops’ are a way to build organizations’ capacity,” one grantmaker said.

Participants in the principles conversations also discussed the need for funders to avoid putting blanket requirements in place to fix problems with only a few applicants. Infrequent application or reporting issues should be dealt with as exceptions. Any policies and requirements that were put in place to address one or two unique situations should be eliminated to avoid penalizing all applicants/grantees for mistakes of a few. Examples of this at foundations included: 1) standard budget templates because the budgets of a few nonprofits were hard to read, and 2) signatures of board chair and president because one nonprofit didn’t have good internal communication.

A flip side to this that also is causing problems is funder focus on “fairness”—needing to treat all applicants the same.

Other recommendations for improving grant application, monitoring and reporting practices included:

- > Provide funding within the grant (perhaps 10 percent of amount) to cover grant administrative costs, including proposal preparation, modification requests and reporting. Grantmakers should pay for grantee com-

pliance with the grantmakers’ requirements.

- > Ensure internal consistency among different grant programs both in requirements and in what staff communicate.
- > Get input from grantseekers and grantees on requirements. This could include issuing applications for public comment or testing (in case of online applications) before they are implemented. One foundation shared that they use a blog for this.
- > Don’t rely on paper for all information; use meetings and build relationships with grantees. Grantmaker staff could do some of the documenting through notes to the file, recommendation forms, site visit reports, etc. This might be more valuable to grantmakers since it will include an analysis of the nonprofit by staff rather than just the nonprofit’s perspective.
- > Create a more balanced culture at grantmaking organizations. Currently, most of the effort is focused on the front end of the grantmaking process (i.e., new grants). This needs to be more balanced if a funder requires grantees to report on or evaluate a grant.

One of the easiest remedies, many nonprofits said, was to improve communication between funders and organizations. One recommendation included publishing a phone number specifically for applicants to discuss questions they have about applications. If needed, this phone number could be staffed only during certain periods, like approaching application deadlines. “It’s a simple thing,” one grant seeker said. “All foundations should acknowledge, at least by e-mail, that an application was received.”

Grantmakers generally agreed that communication could be improved, but argued that in order to treat all applicants fairly, the process could not be completely transparent. Both grantmakers and grantseekers expressed the desire to create reliable feedback mechanisms to give the funder a better sense of what is and isn’t working in its requirements.

“At the end of this [second] phase, we’ll come out with recommendations and principles in those four areas. We’ll then encourage foundations to set aside time to go over the principles and recommendations and take action to improve their approach,” Toth said.



To support the adoption of the principles by grantmakers, Project Streamline has organized four workgroups to address specific issues related to grant application and reporting that have emerged from our research and national and regional conversations. Composed of both grantseekers and grantmakers, these workgroups will be responsible for recommending ways to resolve these issues and coming up with useful and durable tools for those in the field.

Current workgroups are addressing:

- > Online Applications and Reporting: Determine and describe what works, what doesn't, and recommend best practices for online systems. Work with technology vendors to address and resolve common problems in online systems.
- > Budgets, Financial Reporting and Grant Periods: Address grantmaker budget and financial reporting templates and grant periods that don't align with fiscal years or project timelines. Recommend approaches to budgets and financial reporting that will work for both nonprofits and foundations.
- > Basic Due Diligence Requirements: Develop an IRS-endorsed list of minimum requirements and implement a strategy to obtain lawyer and auditor endorsements and adoption of the minimum requirements.
- > Right-Sized Requirements: Determine and promote guidelines for right-sizing requirements.

The products of these workgroups will complement a set of strategies designed to result in permanent and lasting change in the field. While this final phase still is in the planning stages, it is likely to include training opportunities and tools that help grantmakers define and implement needed changes to their practices, and methods of recognizing and sharing stories of grantmakers that have adopted the principles successfully. The adoption plan will be released along with the final principles in spring 2009. ■

Michelle Greanias is executive director and Taylor Kate Brown is a communications intern at The Grant Managers Network (GMN), which manages Project Streamline. GMN is committed to improving philanthropy by leading the field of grants management to achieve efficient and effective grantmaking.

Upcoming Events

Jan. 20-21, 2009

Los Angeles, Calif.

ADVOCACY, EVALUATION, ADVANCES: A NATIONAL CONVENING ON ADVOCACY AND POLICY CHANGE EVALUATION

by the Alliance for Justice (AFJ)

NCRP senior research associate Lisa Raghelli will be on a panel with Dave Beckwith (Needmor Fund) and Marcela Diaz (Somos un Pueblo Unido) to be moderated by Sue Hoechstetter (AJF) on "Making the case for long term impact" that will look at tools to assess the impact of advocacy.

Jan. 31 – Feb. 3, 2009

Indianapolis, Ind.

2009 FAMILY PHILANTHROPY CONFERENCE

by the Council on Foundations

Social Justice Philanthropy: Opportunities and Challenges for Family Foundations

A pre-conference session organized by the Social Justice Philanthropy Collaborative, which is being coordinated by NCRP. Presenters will include Marjorie Fine (The Linchpin Campaign), Sarah Stranahan (The Needmor Fund) and Teresa Odendahl (New Mexico Association of Grantmakers). The session will be moderated by Jason Franklin (North Star Fund).

Leveraging Impact: Supporting Advocacy, Organizing and Civic Engagement

This session will highlight the importance and impact of funding nonprofits that engage in advocacy work. Representatives from the Center for Lobbying in the Public Interest and the National Committee for Responsive Philanthropy will describe, based on recent research in the field, how foundations can support advocacy and civic engagement, and how funding this work can help create fundamental change. Staff members from two family foundations will share their funding advocacy work success stories.

A complete listing of events is available at www.ncrp.org/events.

Grantmaking During an Economic Crisis

(continued from page 1)

Like many parts of the nation, Silicon Valley has experienced rapid demographic change in the past decade. More than one third of our residents are immigrants and nearly half of our work force is foreign-born. The immigrants who come to our region arrive with the potential to contribute, but for many, the lack of English competency and legal status prevents them from using their skills and talents fully. In our region, the integration of immigrants is vital to our continued economic success.

In the area of economic security, our strategy focuses on building financial literacy and assets, preventing foreclosure and promoting policy advocacy that combats predatory lending.

During the past 10 years, an increasingly complex financial landscape of exotic home mortgages and proliferating credit and savings products has led to confusion among consumers and poor financial decision-making. While we have not been hit by the foreclosure crisis as hard as some regions, hundreds of families—many in communities of color—have lost their homes.

In addition, 20 percent of the residents in our region earn less than \$35,000 a year. One in five is asset poor, which means they do not have access to a three-month cash reserve for unexpected emergencies, such as a lay-off.

These statistics led us to recognize that families on the edge have few opportunities and little understanding of how to build wealth. They have limited access to legitimate financial services and little recourse but to rely on predatory lenders.

By supporting programs that combine financial education with asset-building, we hope to help mitigate the effects of the economic downturn and lay a stronger foundation for economic resilience.

Finally, our community opportunity fund will provide \$1 million in grants by the end of 2008 to nonprofit organizations that provide the most basic of needs: food and shelter. When the crisis deepened, we announced a community-wide challenge grant. We pledged to match, dollar for dollar, all donations made by the end of the year up to \$1 million. As a result, we will award at least \$3 million in safety net grants in 2008.

Many have asked us: How is it that the community foun-

ation was so prescient in the areas that were selected, especially with regard to immigrant integration, economic security and safety net issues? The short answer is that we asked and, more importantly, we listened to the community.

During the nine community conversations that we had prior to announcing our new strategies, hundreds of people offered ideas on both new and existing approaches. Like the proverbial canaries in the coal mine, these participants told us from multiple perspectives that the economy was getting progressively worse. Many were united

Each of us has an obligation to consider whether, and how, to respond to this crisis, looking first to our underlying missions to determine what, if any, action we should take.

in their belief that strengthening the region's social safety net was critical.

In August 2008, before our grantmaking strategies were unveiled, we convened a meeting of roughly 30 nonprofit leaders. With great passion and heartache, they told us about the challenges they were facing. We knew that the situation was grave. But by the end of the day, we realized just how grave. We were stunned by the magnitude of what we heard.

This economic downturn, they told us, was different and deeper than the dot.com bust that our region experienced just nine years ago. These nonprofit leaders were seeing different types of clients: more seniors, more veterans and most troubling of all, former food bank donors who now were returning to seek assistance.

Job losses and the foreclosure crisis had caused a dramatic increase in demand for services. Even worse, that demand was coming as nonprofits faced economic pressures of their own: spikes in prices for gas and food, significant declines in government support and one of the most challenging fundraising climates in recent memory.

That day, these leaders asked the community foundation to be their public advocate, to help them tell their stories.

To honor that request, we have employed a variety of strategies:

- > We have committed to making up to \$3 million in grants to food and shelter providers.
- > We are engaged actively in raising money to meet the safety net challenge we have issued.

- > We have taken the case to the community at large as well as our own donors, who have contributed generously to the safety net fund while also giving nearly \$1 million more to safety net groups from donor-advised funds since mid-October.
- > We have helped tell the story of this crisis—on our web site, in interviews with the media and at our Regional Meeting, which was attended by hundreds of donors, interested citizens, partners and community leaders.

For us, all of this work is in line with the mission of the Silicon Valley Community Foundation, which is to strengthen the common good, improve the quality of life and address the most challenging problems in our region. There is little debate that the economic downturn is one of the most challenging problems for our region.

But helping nonprofit organizations during times of crisis is a critical part of philanthropy as a whole, not just for community foundations. Without a strong safety net, communities are at risk. Children who have no food cannot learn in school and develop the skills they need to enter college and obtain jobs. Families with no shelter are at greater risk for illness, breakup and stress. All of us are entitled to these most basic of needs.

Under normal circumstances, a foundation's vision and mission should not be subject to change. The benefit of an endowment is that it allows a foundation to pursue its mission regardless of the economic climate or prevailing attitudes. However, a foundation's strategies and tactics for achieving its mission should undergo frequent

lying missions to determine what, if any, action we should take.

Unfortunately, this is a crisis that cannot be solved by foundation grantmaking alone. Its roots are too deep and the needs it is creating are too vast. Instead, we must examine whether the system itself has broken down. If so, we must make a new commitment to advocate for change and consider public policy engagement to ensure that those who provide effective safety net services can continue to meet the rising demands they are facing.

Public policy engagement can be a useful addition to the tools a foundation uses when it is working to improve community. There is a widespread perception that public policy engagement requires political partisanship and lobbying. It does not. Public policy engagement can involve research and convening, tools that many foundations already use, as well as advocacy and lobbying.

At its core, public policy can correct injustices rather than merely treat their symptoms.

Is there another way to ensure a more stable source of funding for the essential social programs of effective safety net providers? What role should government play? And shouldn't foundations with change-oriented missions examine tools that might allow them to work more effectively to resolve the underlying causes of poverty and injustice?

In December, the Silicon Valley Community Foundation hosted a food and shelter summit for CEOs and board members. Our goal in bringing leaders of these safety net organizations together was to start a collective discussion about the best way to frame the current crisis for the broad-

er public, to begin planning how to get in front of a state budget process that is likely to negatively impact safety net services further, and to explore interest in a shared public policy and advocacy agenda.

A summit is only a beginning. We do not have all the answers yet. But in the months ahead, we hope to find them, as we have in the past: by working with the community we serve, by listening and by using all the tools that we have available to achieve the promise of our mission. ■

Emmett Carson, Ph.D., is president and CEO of the Silicon Valley Community Foundation.

Public policy engagement can be a useful addition to the tools a foundation uses when it is working to improve community.

review based on changing circumstances, evaluation of results and best practices.

The economic crisis clearly qualifies as a changing circumstance. It should compel every foundation to examine its current strategies and, in rare cases, lead some foundations to reconsider their missions.

Each of us has an obligation to consider whether, and how, to respond to this crisis, looking first to our under-

Select Publications

Strategic Plan 2008–2012 September 2007

The NCRP board of directors approved a strategic plan that will guide the organization's programming for the next five years. The strategic plan is the result of several months of intensive collaboration between NCRP's board, staff and consultants from the TCC Group, as well as the invaluable input from a diverse group representing the philanthropic communities.

Strategic Grantmaking: Conservative Foundations and the School Privatization Movement November 2007

In this report, author Rick Cohen shows how philanthropic capital from small and large foundations has helped build political support for the school privatization agenda using movement-building grantmaking strategies.

Strengthening Democracy, Increasing Opportunities: Impacts of Advocacy, Organizing and Civic Engagement December 2008

NCRP documented how 14 local and state organizations leveraged foundation resources to secure billions of dollars in benefits for New Mexicans.

visit: www.ncrp.org/publications

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