

Nonprofits struggle with overhead money

By Melissa Frederick
Washington Examiner
March 12, 2007

WASHINGTON - While nonprofit organizations frequently can get grant money to fund specific programs, they often have difficulty obtaining dollars for overarching expenses and essential administrative costs, a new report says.

The National Committee for Responsive Philanthropy published the report, "A Call To Action: Organizing to Increase the Effectiveness and Impact of Foundation Grantmaking," Thursday. It urges nonprofits to lobby foundations and convince them to allot moneys for more general purposes, author Rick Cohen said Friday.

Foundations often shy away from giving undedicated funds because they think they can measure the impact of their dollars better if the money goes to a specific cause, Cohen said. Foundations also sometimes worry whether a nonprofit can be held accountable for such funds, he said.

General operating support is essential to an efficient, well-run nonprofit, according to Nonprofit Roundtable of Greater Washington Executive Director Chuck Bean.

"The sophisticated funders know this," Bean said, pointing to local organizations such as The Meyer Foundation and The Cafritz Foundation. "Less experienced funders focus too much on project support."

Some foundations have taken steps to correct the problem. The Washington-based Bank of America Foundation devotes \$20 million annually to its neighborhood excellence initiative,

which allots unrestricted funding to nonprofits.

Under one component of the program, two nonprofit organizations are selected from each of 44 markets, including D.C., to receive \$200,000 worth of unrestricted funding, the foundation's senior vice president and market development manager, Jeannan Peterson, said. Their executives are given leadership development seminars as well.

"It's a very important issue, and that's why we're recognizing it, especially to support their needs for capacity growth," she said.

Foundations and nonprofits still need to communicate better on the issue, Quality Trust for Individuals with Disabilities Director of Development Nadine Hathaway said. Foundations need to understand how their dollars are making an impact, and nonprofits must explain how they grow stronger with core support, she said.

"We are fortunate in the D.C. metropolitan area to have many foundations enter into this conversation," Hathaway said.

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