

Nearly 70% of Foundations Give Charities Operating Aid

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While charities often complain that foundations do not provide enough grants for their rent, staff salaries, and other operating expenses, a vast majority of philanthropies say they are willing to pay for such costs, a new study has found.

In a survey of 710 foundations nationwide, 69 percent of respondents said they make contributions to support all types of administrative expenses, including fund-raising costs, while an additional 12.5 percent said they support some types of overhead.

Only 18.5 percent of grant makers said they don't support administrative costs under any conditions.

The study also found that almost half of the respondents have a positive view of giving administrative support, saying it helps charities build their operations and meet the needs of the less fortunate.

The report, released last week by the Aspen Institute, in Washington, and the Center on Philanthropy at Indiana University, in Indianapolis, seeks to provide data on an issue that has become a heated debate between foundations and the charities that depend on their grant making.

For the past few years, small charities and the National Committee for Responsive Philanthropy, a foundation watchdog in Washington, have waged a campaign to push grant makers to give more money for operating expenses, a campaign the committee said has met

with little success.

Indeed, two-thirds of 880 education and social-service charities surveyed for the new study said they receive inadequate support for operating expenses, with 53 percent of them blaming grant makers for their financial difficulties.

With the study's finding that the majority of foundations are open to support some types of administrative expenses, that frustration appears misplaced. However, according to in-depth examinations of six charities, the report says the problem is not whether foundations are willing to provide such support, but that they offer it only for a short period of time.

Charities "were frustrated by the temporary, short-term nature of foundation funding," the report says.

What's more, leaders of nonprofit organizations said that foundations seem to want to give operating grants only to newly established nonprofit organizations doing "innovative" programs, not to the grunt work of day-to-day assistance to the homeless or poorly educated children or other needy people.

In part because of this perception, 75 percent of the charities responding to the survey said they do not even seek grants from foundations to pay for their administrative costs.

The study also found that:

- The nation's largest philanthropies — those that make \$6.5-million in contributions annually — and foundations that support antihunger efforts, job training, and other types of social services are more likely to pay for all types of operating costs.
- Of the administrative needs cited by charities, money was most desperately needed to buy fund-raising software and pay for benefits for employees.
- Besides blaming foundations, 19 percent of charities blamed the government for the lack of overhead support and 11 percent blamed corporations.

In addition, almost 28 percent said they received inadequate funds because of public pressure to keep salaries and other operating costs at a minimum.

The 36-page report, "Paying for Overhead," is available free on the Center on Philanthropy's [Web site](#)

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<http://www.philanthropy.com/premium/articles/v19/i15/15001501.htm>

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