

## **Foundations Must Get Serious About Multi-Year Grantmaking**

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*Stanford Social Innovation Review*

November 5, 2012

Multi-year funding has declined significantly in the wake of the recession. Unless executives and trustees of our nation's grantmaking foundations take steps to re-establish multi-year giving, nonprofit organizations and the communities they serve are in for years of increasing uncertainty and diminished impact.

Distinct from continuous funding—a series of grants provided to the same recipient on an annual basis—multi-year funding is a firm commitment to at least two years of funding, ideally more. A new analysis by the National Committee for Responsive Philanthropy (NCRP) of Foundation Center data reveals that, in 2009, multi-year grantmaking declined 21 percent to \$5.5 billion from its \$6.9-billion peak in the previous year. Overall grantmaking declined 13 percent in 2009 relative to 2008. If the nation's largest grantmaker, the Bill and Melinda Gates Foundation, were excluded from our analysis, reported multi-year grantmaking would have decreased by more than a third. To date, grantmakers have noted authorizing \$4.7 billion in multi-year grants in 2010, an additional decline from 2009 and well below even 2006 levels of \$5.3 billion.

These findings confirm only what our members have told us for decades and what nonprofit executives have stated throughout the recent recession: Multi-year grants continue to be extremely difficult to secure.

A recent member survey by Grantmakers for Effective Organizations (GEO) found much the same, even among those funders concerned primarily with building effective nonprofits. More than one quarter (28 percent) of respondents stated that they had decreased multi-year grants because of the economy.

Although the uncertainty facing foundation leaders during the recession is an understandable rationale for scaling back this type of grantmaking, reported multi-year funding lagged as a share of overall foundation dollars even before the economic crisis. Only 10 percent of foundations recount such authorizations annually. Nine in ten sampled foundations either do not

make multi-year commitments or do not report making them, making it difficult for US nonprofits to find and obtain this vital type of support.

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