Project Streamline's Charge: Changing the Grantmaking Status Quo

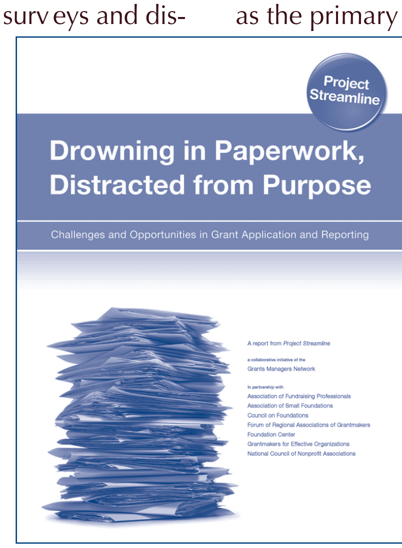
By Michelle Greanias and Taylor Kate Brown

"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 comments 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 per cent of amount) to cover grant administrative costs, including proposal preparation, modification requests and reporting. Grantmakers should pay for grantee compliance 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. ■

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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 Ranghelli 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.